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**HOUSE OF COMMONS
OFFICIAL REPORT**

**PARLIAMENTARY
DEBATES**

(HANSARD)

Tuesday 6 September 2016

House of Commons

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The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Human Rights Act

1. **Mr Dominic Raab** (Esher and Walton) (Con): What steps she is taking to reform the Human Rights Act 1998. [906054]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): First, I would like to pay tribute to my hon. Friend's work on human rights reform as a Minister in this Department. He is a great champion of liberty.

The Government are committed to scrapping the Human Rights Act and introducing a British Bill of Rights.

Mr Raab: May I say at the outset that it is an honour to be the first Member to welcome the new Justice Secretary and the new Front-Bench team to their posts? I wish them every success. I also reassure my right hon. Friend, from experience, that being a lawyer is of very limited value in her Department—no offence to the Minister of State.

Britain's decision to leave the EU will remove the jurisdiction of the Luxembourg Court, which is probably the biggest obstacle to delivering a Bill of Rights. May I welcome my right hon. Friend's statement on the intention to continue this reform and encourage the Government to proceed to consultation as soon as possible?

Elizabeth Truss: This is an important reform; we need to get it right. We will be introducing proposals in due course. We will deliver on this manifesto commitment.

Karl Turner (Kingston upon Hull East) (Lab): Which convention rights does the Justice Secretary propose to leave out of the Bill of Rights?

Elizabeth Truss: I thank the hon. Gentleman for his question, and I remember with fondness our time together on the Justice Committee, where he had many good thoughts to put forward. We will be putting out our proposals in due course, which will discuss these issues in detail, but one of the important points is that we

want the ultimate arbiter of those rights to be the Supreme Court of the United Kingdom.

Charlie Elphicke (Dover) (Con): Does the Secretary of State agree that one of the problems with the current set-up is that the code of rights includes many reservations and qualifications that the European Court does not embrace? A British Bill of Rights can ensure that there is proper balance and that the interests of justice are served.

Elizabeth Truss: My hon. Friend makes a very good point. It is absolutely the reason we want to pursue a British Bill of Rights to put that in place.

Mr Alistair Carmichael (Orkney and Shetland) (LD): If we are to have the Supreme Court as the ultimate arbiter, does that mean that the Lord Chancellor wants to withdraw from the European convention?

Elizabeth Truss: The Prime Minister has been very clear that leaving the European convention on human rights is not something that we are going to pursue.

Mr Julian Brazier (Canterbury) (Con): May I, too, welcome my right hon. Friend to her post and her determination to proceed with a British Bill of Rights? Could I urge her to remember that the cornerstone of the rule of law in this country has always been the sovereignty of Parliament? May I urge her not to listen to those who argue that getting rid of an Act that came 40 years after we signed up to the European convention on human rights somehow or other undermines our position within the treaty.

Elizabeth Truss: My hon. Friend is absolutely right: human rights were not invented in 1998 with the Human Rights Act. We have a strong record, as a country, of human rights, dating back to Magna Carta, and the British Bill of Rights is going to be the next step in enshrining those rights in our laws.

Joanna Cherry (Edinburgh South West) (SNP): May I welcome the Secretary of State to her new role and say that while, of course, it is not a prerequisite for the person in her role to be a lawyer, she will no doubt wish to listen carefully to any legal advice she receives about any proposals to reform the law?

There is almost universal opposition to the repeal of the Human Rights Act in Scotland; this is reflected in the Scottish Parliament and across Scottish civic society. On 11 August, I wrote to the UK Government seeking clarification of their plans for so-called reform of the Human Rights Act, following press reports. I have yet to receive a substantive response. At what stage in her plans will the Secretary of State seek to consult the Scottish Government, and can she confirm that she will listen to and respect their answer?

Elizabeth Truss: I have already had a number of legal meetings about this issue, and I am sure I will enjoy working with the legal profession in my role. The Prime Minister has already had a very good meeting with the First Minister of Scotland. I will be meeting the Scottish Justice Minister shortly to discuss a number of issues.

Mr Speaker: I call Richard Burgon.

Joanna Cherry *rose*—

Mr Speaker: Order. I do apologise; I had not realised that the hon. and learned Lady wanted a second bite of herself.

Joanna Cherry: I was rather hoping to have a second bite of Her Majesty's Government, Mr Speaker.

If the Secretary of State has been having legal meetings about the Human Rights Act, she will have been advised that human rights are not a reserved matter and that therefore the Scottish Parliament must be consulted regarding any legislation with regard to human rights. During the independence referendum, Scotland was told that it was an equal partner in this Union. Does she appreciate that to proceed with repeal of the Human Rights Act across the UK would fly in the face of that promise and exacerbate the democratic deficit that already exists in Scotland, where a Tory Government we did not vote for are planning to take us out of the European Union against our will?

Elizabeth Truss: I would point out that this was in the Conservative party manifesto and we secured a majority at the general election. As I said, I will be in touch with the Scottish Justice Minister; I look forward to talking to him about this subject.

Richard Burgon (Leeds East) (Lab): I welcome the Secretary of State to her new role. It is good to see a Leeds person at each Dispatch Box. I understand that, like me, she comes from good, left-wing Leeds stock, and I look forward to our exchanges.

At the Secretary of State's swearing-in ceremony, she quoted with approval the late Lord Bingham. On the Human Rights Act, Lord Bingham said in 2009:

"Which of these rights, I ask, would we wish to discard?"

He went on to say:

"There may be those who would like to live in a country where these rights are not protected, but I am not of their number."

To give the Secretary of State another chance, because she failed to answer the question asked by my hon. Friend the Member for Kingston upon Hull East (Karl Turner), which of these rights does she wish to discard?

Elizabeth Truss: I, too, welcome the hon. Gentleman to the Dispatch Box. It is great to have somebody who is also from Leeds facing me, although I learned the error of my ways after growing up in a left-wing household in that great city.

Sir Desmond Swayne (New Forest West) (Con): Shocking!

Elizabeth Truss: All I can say is that I believe that everyone is capable of reform, even those on the Opposition Benches. I have not yet given up hope on the shadow Secretary of State for Justice.

The whole purpose of the Bill of Rights is to enhance human rights in this country. We have led the world in human rights since Magna Carta and the Bill of Rights that was published in Wales in 1689, and we will continue to do so.

Richard Burgon: I thank the Secretary of State for that response, but let me say this:

"We were very clear that we will replace the Human Rights Act, which isn't working for British people, with a British Bill of Rights that gives the ultimate power to citizens in this country."

Those were the words of the Secretary of State on the "Today" programme in May 2015. Given that, and in the light of the answer that she has just given, can she explain to the House why she wants to rob the people of Britain of their rights? Will she admit that talk of a so-called Bill of Rights is simply posturing and making concessions to the hard right of the Conservative party?

Elizabeth Truss: Human rights were not invented in 1998 with the Human Rights Act. There are major issues with the Human Rights Act and we need to move forward. We need a British Bill of Rights that enshrines our ancient liberties.

Several hon. Members *rose*—

Mr Speaker: Order. We now need to make progress as there are a lot of questions. Progress thus far has been slow, so we can be speeded up by Mr John Mann.

Online Hate Crime

2. **John Mann** (Bassetlaw) (Lab): What assessment she has made of her Department's contribution to tackling online hate crime. [906055]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): Hate crime is abhorrent and has no place in society. The Government published their plan to tackle hate crime, "Action Against Hate", in July 2016. This Government believe that the enforcement of criminal legislation has an important role in tackling online hate. We also need deterrence and prevention, which require a broader response, from counter-narrative activity through to effective management from the internet industry.

John Mann: The last time I asked the Secretary of State a question in here, she invited me to join her on a delegation to China. May I reciprocate and invite her and her Front-Bench colleagues to come to Bassetlaw day in the Jubilee Room, hosted by me and the hon. Member for Newark (Robert Jenrick)?

True Vision, the internet reporting organisation based in the Secretary of State's offices, is the pride and joy of her Department and the envy of every other Government in the world. Is she going to allow it to disappear into some other Department, or is she going to keep it in her Department?

Dr Lee: I thank the hon. Gentleman for his characteristically delivered question. The Secretary of State has, I gather, recently written to him on this matter. The cross-Government hate crime programme is highly regarded by this Government and internationally. I am committed to ensuring that that important work continues.

Mrs Maria Miller (Basingstoke) (Con): I welcome my hon. Friend to his post. The Government were right to make posting revenge porn online a crime. Figures released today show that there have been 200 prosecutions for revenge pornography, yet more than 1,000 cases have been reported to the police. Does the Minister

agree that, as with other sex-related crimes, anonymity for victims perhaps needs to be carefully considered in cases of revenge pornography?

Dr Lee: I thank my right hon. Friend for her question and, indeed, for the work that she and her Select Committee do in this area. Revenge porn is a terrible abuse of trust that can leave victims feeling humiliated and degraded. By making it a specific offence carrying a maximum sentence of two years behind bars, we have sent a clear message that this crime will not be tolerated. On anonymity, I am interested in what she says; if she would like to write to me about that issue, I will consider it.

Lisa Nandy (Wigan) (Lab): I welcome the Minister to his post. Has he seen this morning's comments by the Director of Public Prosecutions that social media is one of the driving forces behind the record high in recorded violent crimes against women and girls? I welcome what the Minister has said about the need for a broader response, so what does he plan to do to safeguard the many specialist services that exist to support women who are suffering online harassment and abuse, many of which are suffering funding cuts?

Dr Lee: As I have already said, this crime is deplorable. I suspect that it has always happened and that social media has facilitated it, and that we are now detecting more crime of this kind. I am determined to maintain services that support women and, indeed, men who are subjected to the crime, and I will continue to keep a close eye on that.

Mrs Theresa Villiers (Chipping Barnet) (Con): What action are the Government taking to combat online anti-Semitic hate crime emanating from extremist groups on campus?

Dr Lee: Online anti-Semitic crime, like revenge porn, is an appalling crime that is more easily committed through use of the internet and anonymity. With specific regard to anti-Semitism, the Government, thanks mainly to the fantastic work done by the hon. Member for Bassetlaw (John Mann) and his all-party group, have made significant advances. I will consider my right hon. Friend's comments on anti-Semitic crime, particularly on campus.

Prison Safety

3. **Bridget Phillipson (Houghton and Sunderland South) (Lab):** What recent assessment she has made of safety in prisons. [906056]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): In the last year, assaults have risen by 31% and those on prison staff have risen by 40%. That is totally unacceptable and I am determined to tackle it. Reforming prisons will be possible only if they are made safer places for staff and offenders alike.

Bridget Phillipson: As the Secretary of State's response makes clear, prison safety continues to deteriorate. That significant problem puts both prisoners and staff at risk, but a major issue that must be tackled is the retention of staff. Will she set out exactly what she will do to make that a priority and how she will succeed where her predecessors have failed?

Elizabeth Truss: I absolutely agree that the retention of staff is a very important issue. I have been to a number of prisons and seen how brave, fearless and hard-working our prison officers are. They are vital in turning around offenders and getting them the education and skills they need to succeed outside. I am determined to support and work with them, and over the coming months I will lay out more detailed plans.

Robert Neill (Bromley and Chislehurst) (Con): May I warmly welcome the Secretary of State and her team to their posts? Lawyers do sometimes have their uses, and so do non-lawyers. Her predecessor made prison reform a centrepiece of the agenda and rightly described the deterioration of safety in prisons as terrible. The figures have now got worse. He committed to an action plan to tackle violence in our prisons. Will the Secretary of State reaffirm that, and what specific steps will be taken to deal with what is a ticking time bomb in our criminal justice system, because nothing else has worked?

Elizabeth Truss: May I say how pleased I am to have been able to meet the Chairman of the Justice Committee? I take the advice of all my lawyers, but particularly that of the Chairman of the Select Committee, extremely seriously.

This is a critical issue that faces our prisons. We cannot have reform in our prisons if we do not have safe prisons for people to work in. Those two things go hand in hand. I am committed to an agenda of making our prisons safe and places of reform. I will be laying out my plans very shortly on this issue, and I look forward to discussing it more with the Select Committee tomorrow.

Jenny Chapman (Darlington) (Lab): Will the Secretary of State look again at statements that were made by her Department recently about the number of prison officers? The Department claims that the number has increased, but it has not. Will she look at the matter again? I believe that she did not take into account staff being regraded or the number of hours that they actually work when she examined the number of officers in the system.

Elizabeth Truss: I will, of course, look at those numbers in detail. In fact, I am looking at them at the moment. As well as the number of staff, it is important to consider how staff are deployed and trained, and the powers that governors have to get the best out of staff working in prisons. I am looking at all those aspects, but I agree that staff are absolutely crucial to make our prisons work well.

James Berry (Kingston and Surbiton) (Con): One of the causes of a lack of safety in prisons has been novel psychoactive substances. Does the Secretary of State agree that the ban on the possession of those substances in prisons should really improve the safety of other prisoners and prison officers, if it is properly enforced?

Elizabeth Truss: My hon. Friend is absolutely right that NPS have been a major issue in our prisons. When I visited HMP Norwich last week, I was pleased to see that it was using the new legislation to tackle that issue in the prison, to search people and to catch them out.

HMP Norwich has succeeded in reducing the usage of such drugs already. I would like to see that type of programme happening more across our prison estate.

Prison Safety

4. **Andy Slaughter** (Hammersmith) (Lab): What steps her Department is taking to improve safety for prisoners and prison staff. [906057]

Mr Speaker: Minister at the Dispatch Box.

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): Forgive me, Mr Speaker; I think that the summer recess has taken its toll on my memory of parliamentary procedure.

I am determined to ensure that our prisons are places of safety and reform. We need to help offenders to get off drugs, improve their education and get the work skills they need so they are less likely to reoffend when they come out.

Andy Slaughter: I thank the Secretary of State for concentrating. Does she see a connection between the long-term decline in prison officer numbers—they went down 30% between 2010 and 2013, and they are going down again—and this massive increase in assaults on staff, which went up 90% over the last Parliament?

Elizabeth Truss: There are many factors driving prison violence and self-harm. I am looking at the evidence about what will work and what steps we can take, but I am determined to tackle this. I am very clear that the current levels of violence are unacceptable.

Andrew Selous (South West Bedfordshire) (Con): May I also warmly congratulate the Secretary of State and the new ministerial team on their appointments? Of course we need more prison officers in prisons, but may I urge the Secretary of State and her Ministers to consider the greater use of prisoners as mentors? Wandsworth is leading the way, with 50 mentors providing teaching and education, but that could also be used in employment, for therapeutic purposes and to cut down the use of drugs.

Elizabeth Truss: As a Prisons Minister, my hon. Friend did tremendous work in this area; we are very much learning from the work that he carried out in the Department. He makes an important point, and I think we need to look at the overall culture in some of our best prisons. We have exemplary work going on, such as mentoring, and we need to make sure that that is happening right across our prison estate.

Mr Nigel Dodds (Belfast North) (DUP): The Secretary of State may be aware that the head of the prison service in Northern Ireland recently stood down. Attacks on prison staff are on the rise. Will the Secretary of State ensure that her Department engages actively with the Department of Justice in Northern Ireland to see what lessons can be learned and to try to improve safety in prisons in Northern Ireland?

Elizabeth Truss: I have been in touch with the Justice Minister in Northern Ireland, and I look forward to talking to her in due course.

David Tredinnick (Bosworth) (Con): May I, too, congratulate the Secretary of State on her appointment? Is not a large part of the problem the fact that we have so many Victorian prisons? Does she have any plans for a prison rebuilding scheme?

Elizabeth Truss: My hon. Friend is absolutely right. We have a big issue with prisons that are out of date and not fit for purpose, which makes it more difficult for our excellent governors and officers to manage them well. I am pleased to say that this summer we were able to close Holloway prison. We have a £1.3 billion building programme. I want new modern prisons to be built in which prisoners will get the education and work they need to succeed in outside life, and to close down some of our most dilapidated and out-of-date prisons.

Victims of Crime

5. **Joan Ryan** (Enfield North) (Lab): What her Department's strategy is for supporting victims of crime. [906058]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): It is crucial that victims of crime are supported as effectively as possible. The victims code was revised in 2015. Victims of all criminal offences are now entitled to support from a wide range of organisations, as well as from criminal justice agencies. The reforms we are making to our courts will significantly improve services for victims and their families—for example, to enable them to give evidence remotely and digitally.

Joan Ryan: More than 23,000 individual crimes have been reported in Enfield during the past 12 months. For far too long, the victims of these crimes have been forgotten and ignored by the criminal justice system. Given that the Victims' Commissioner supports the introduction of a law for victims of crime, when will the Government fulfil their election manifesto commitment to bring forward legislation on this issue?

Dr Lee: We want to make sure that all vulnerable and intimidated witnesses can give their best evidence in court and feel less anxious. We are committed to making sure that victims of crime get the support they need. We have protected the overall level of funding for victims across the spending review period, and we announced funding of more than £95 million in 2016-17 to fund critical support services. We will bring forward our legislation, as promised, in due course.

Philip Davies (Shipley) (Con): Victims of crime want to see the perpetrators of that crime properly punished. Is the Minister happy that prisoners are automatically released halfway through their prison sentence no matter how disruptive they are or how much of a threat they still pose to the public, or does he agree with me that prisoners should serve the sentences handed down by the courts in full?

Dr Lee: The purpose of justice and the primary goal of the justice system must be to reduce reoffending. If somebody in prison has been assessed, is deemed not to be a risk to society and has been properly rehabilitated, it is in the best interests of that individual and of society for that person to be released.

Greg Mulholland (Leeds North West) (LD): Too often the victims of criminal driving and their families are not actually treated as victims of crime, but told that they have been involved in an accident. How can that culture be changed, and when, finally, will we get the review of sentencing for these types of offences?

Dr Lee: I do not believe that that is in my purview, but if the hon. Gentleman writes to me I will by all means reply to him on the issue. I agree that victims in such situations need more protection and that the culture needs to change.

Mr Philip Hollobone (Kettering) (Con): One of the best ways to ensure that justice is served is to ensure that victims have the chance to make a victim impact statement to the court, but that does not always happen. What can the Minister do to ensure that it happens in every case?

Dr Lee: As I understand it, victims are now getting more of an opportunity to make a victim impact statement because they can do so online. I agree with my hon. Friend that that should be possible.

Richard Burgon (Leeds East) (Lab): As has been mentioned, today's report on violence against women and girls shows an increase in prosecutions. However, victims charities remain concerned about their futures, as was stated by the chair of the Association of Police and Crime Commissioners Supporting Victims Group when asking the Ministry earlier this year to clarify what funding is available to PCCs. The Minister told my hon. Friend the Member for Wigan (Lisa Nandy) that he will be "keeping an eye on this matter". With respect, keeping an eye on the matter is not good enough. Will the Secretary of State now confirm that victims services will receive the full funding that they require?

Dr Lee: The victims services budget has increased significantly from £48 million in 2010-11 to about £95 million in the current financial year. In 2016-17, for example, we have allocated about £7 million to 99 rape support centres to provide therapeutic and practical help to male and female victims of rape and child sexual abuse. I do not recognise the description given by the shadow Secretary of State. The Government are committed to protecting victims, particularly women who have been victims of crime.

Prisons: Mobile Phones

6. **David Warburton** (Somerton and Frome) (Con): What steps her Department is taking to prevent the use of mobile phones in prisons. [906060]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): The illicit use of mobile phones in prison undermines security, order and control, and has been linked to many forms of criminality. The Government are determined to take action to stop it.

David Warburton: The connection between technology and radicalisation by the dissemination of extremism in prisons is one of the most critical challenges we face. Will my hon. Friend continue to do everything possible

to ensure that prisoners, who already face difficulties re-engaging with society, do not have that difficult task made impossible by those who would use technology such as mobile phones to spread extremist poison?

Mr Gyimah: My hon. Friend will no doubt have seen the Government's response to the review on extremism. I assure him that we will continue to work tirelessly to ensure that extremist ideologies are not spread by any means, including mobile phones.

Geraint Davies (Swansea West) (Lab/Co-op): There have been reports from Swansea prison of people throwing mobile phones over the wall, which provides anonymity that allows prisoners to indulge in all sorts of criminal activity. What is the Minister doing about that sort of thing?

Mr Gyimah: The hon. Gentleman makes an important point. Every governor I have spoken to in the last six weeks has mentioned the growing problem of illegal mobile phones in prison. I believe that technology is vital to detecting and blocking such phones. That is why, in addition to the range of technologies that have already been deployed across the prison estate, we have held a high-level meeting with mobile network operators and asked them to use their expertise to develop new technological solutions to deny mobile phone signals in prisons. As responsible businesses, I expect those operators to co-operate fully.

Court Provision: Bury

7. **Mr David Nuttall** (Bury North) (Con): What assessment she has made of the adequacy of court provision in Bury. [906061]

The Minister for Courts and Justice (Sir Oliver Heald): There is, and there will be, an appropriate level of court provision for the people of Bury.

Mr Nuttall: I warmly welcome my hon. and learned Friend to his new role and thank him for that brief reply. Although court provision might be regarded as adequate now, it is important that it continues to be adequate in the future. I ask the new Lord Chancellor and ministerial team to look again at the proposals for north Manchester and, in particular, at the consequential effects on the police budget, given that the police will be faced with longer journey times when they attend court.

Mr Speaker: We might be faced with longer questions as well, but we are immensely indebted to the hon. Gentleman nevertheless.

Sir Oliver Heald: May I start by paying tribute to the work that my hon. Friend has done and the proposals he has made for his local courts? He will know, as a lawyer, that we are investing a huge amount of money—a good £1 billion—to transform our courts and tribunals. Modern technology improves efficiency and means that fewer people need to attend court in person. Excellent facilities are available to the people of Bury and Manchester, which have some of the best courts in the country.

Andrew Gwynne (Denton and Reddish) (Lab): The Minister will know that the proposals across the whole

of Greater Manchester are far-reaching and that they are controversial in parts of the city region. Will he explain to the House precisely what was agreed with Greater Manchester combined authority in the memorandum of understanding that his Department signed with it? Does it mean that the combined authority can look again at some of the court closures?

Sir Oliver Heald: The hon. Gentleman will realise that none of these decisions is taken lightly. It is important to work closely with local government, and that is exactly what has been happening. To give him an impression of the tremendous improvement the court modernisation programme is making, it has been going for four months and 6 million pieces of paper have been avoided as a result.

Chris Bryant (Rhondda) (Lab): Avoided?

Sir Oliver Heald: Yes, 6 million pieces of paper have been avoided by using digital case files. That is a pile of paper as high as the Shard—the largest building in London.

Mr Jonathan Djanogly (Huntingdon) (Con) *rose*—

Mr Speaker: Order. Huntingdon is a splendid part of the world that deserves to be represented effectively by the hon. Gentleman, whom I have known for a quarter of a century, but it is a long way from Bury, to which this question exclusively relates. [*Interruption.*] Order. The question is about Bury, I say to the young fellow. He can come in later—we look forward to hearing from him.

Legal Professionals

8. **John Pugh (Southport) (LD):** What information her Department holds on the level of social mobility and social diversity within the legal professions. [906062]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): That information is published by the legal professions. For example, 13% of QCs are women, and 6% declare themselves as coming from a black, Asian and minority ethnic background.

John Pugh: Available data show very limited progress, particularly with only 13% of QCs and only a third of the people practising at the Bar being women. What can the Government do to improve that and rattle up the profession a bit?

Elizabeth Truss: We want a justice system that works for everyone and a legal services industry that uses all the talent in our country. I have already had very positive conversations with the Lord Chief Justice, who is keen to improve diversity figures in the judiciary, and I am due to meet the Bar Council shortly to talk specifically about the Bar.

Mike Wood (Dudley South) (Con): What assessment has my right hon. Friend made of opportunities to increase apprenticeship-based routes into the legal professions and prison services to increase social mobility?

Elizabeth Truss: I am a huge fan of apprenticeships. The new apprenticeship levy brings a big opportunity for some of our large legal services firms, and right across the board, to increase the number of apprenticeships. I will certainly be talking to those firms about that over the coming months.

Richard Burgon (Leeds East) (Lab): At one London provider of legal education, fees for the academic year ahead are as follows: nearly £11,000 for the graduate diploma in law; more than £15,000 for the legal practice course; and near to £19,000 for the Bar professional training course. That is on top of the cost of university education. Such fees are beyond the reach of many people from ordinary backgrounds. Given that reality, how will the Minister ensure a diverse legal profession?

Elizabeth Truss: I have been discussing this matter right across the legal profession. At the younger end we are seeing a lot more diversity; the question is how people progress through the pipeline. I would like more transparency so that we can look at people moving through the system. I have no doubt that the Lord Chief Justice and leading judges want to see more diversity. They are very keen to work with me on this agenda.

Prisons: Mental Health

9. **Jason McCartney (Colne Valley) (Con):** What steps the Government plan to take to tackle mental health issues in prisons. [906063]

15. **Sir David Amess (Southend West) (Con):** What steps the Government plan to take to tackle mental health issues in prisons. [906069]

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): Prisons must become places of rehabilitation where offenders can change their lives and turn away from crime. Addressing health needs, including mental health, is key to creating a safe and rehabilitative environment for prisoners. We are committed to meeting the mental health needs of prisoners. All prisons have procedures in place to identify, manage and support people with mental health illness.

Jason McCartney: Will the Minister confirm that governors will have new powers and abilities to run their own mental health and health budgets, and will that include co-commissioning of mental health services with local clinical commissioning groups?

Dr Lee: The approach going forward is under consideration at present. Governors have an important part to play in helping to structure healthcare services within their prisons.

Sir David Amess: Does the Department have a precise figure for the number of people in prison at the moment who have mental health issues? Will my hon. Friend reassure me that prison staff are adequately trained to deal with people who exhibit mental health issues?

Dr Lee: Based on a Ministry of Justice survey, 49% of prisoners were assessed as being at risk from anxiety and/or depression and 16% reported symptoms indicative of psychosis. Department of Health figures, however,

are somewhat different; north of 90% of prisoners have a mental health problem if substance misuse is included. I am seeking more data on this area. We are committed to meeting the mental health needs of prisoners, which is why all new intake prison officers receive mental health awareness training as part of their entry-level training.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): One hundred people have taken their lives in our prisons in the past year. That is the highest level for over 25 years. More than 9,000 people have self-harmed in our prisons. That is an increase of over 25% in the past year alone. The Government should be ashamed: it is a dereliction of their duty of care. I want to know, having listened to the answer from the Government, what they are actually going to do to look after the thousands of prisoners who have serious mental health conditions and are not being looked after.

Dr Lee: The aetiology of mental health is pretty complex. The genesis of problems do not just occur over the term of a Parliament. The system in place for mental healthcare and the continuity of care for people before, during and post their stay in prison is clearly not where it should be. I would argue that that has been the case for many decades. I have been asked to look at this matter and will be doing so, but it is a huge and complex area. As a consequence, I am not about to make any commitments at the Dispatch Box.

Fiona Mactaggart (Slough) (Lab): There is a particular risk for women in prison. Some 30% of women prisoners have had a previous admission for a psychiatric problem before they went into prison. In the past year, 11 women have killed themselves. My impression is that that is because the previous Secretary of State did not focus on the recommendations of the Corston report, which would have ensured a better level of mental health for women in prison. What is this Minister going to do on the Corston report and on women in prison?

Dr Lee: I have read the Corston report and it is a good report. It was published in 2007 and it is still relevant today; it has intellectual coherence with the Charlie Taylor report on youth offenders. I will be looking at it and I am personally persuaded by some of the arguments in it, but I see no evidence that the former Secretary of State was not in any way keeping a close eye on the matter.

Prisons: Sexual Offenders

10. **Maria Caulfield** (Lewes) (Con): What steps her Department is taking to provide additional support for prisons with increased numbers of inmates who are detained for sexual offences. [906064]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): We will always have prison places to fulfil the orders of the courts. Those convicted of sexual offences are just one cohort of a range we manage daily across the estate. In doing so, we will make sure that estate capacity is realigned to meet the demand for places, including for those convicted of sexual offences.

Maria Caulfield: Her Majesty's prison Lewes in my constituency has seen a huge surge in prisoners either on remand or serving a sentence for sexual offences. This is putting massive pressure not just on staffing but on space and resources. What specific help can the Minister give HMP Lewes?

Mr Gyimah: My hon. Friend makes a very valid point. Those at HMP Lewes who are charged with sexual offences are generally held in separate units that provide suitable accommodation for their offending behaviours. Perhaps I can reassure her that the prison received £153,000 of the Government's £12 million fund for safety, and that it plans to spend that on staff, focusing on safety and on violence reduction. There is a recruitment drive going on at the moment. Staff are being vetted and a number of staff will be starting imminently.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Surely the Minister understands that, whether it is prisoners who have been tried and convicted for crimes of a sexual nature or prisoners with mental health and other problems, it is the quality of the management of our prisons that must give us all great concern. When my Select Committee looked at education in prisons, we kept coming back to the fact that the culture of the prison comes from the top and is supported by well trained and well educated prison officers.

Mr Gyimah: On this rare occasion, I agree entirely with the hon. Gentleman—the quality of leadership in a prison makes a huge difference to the regime. It makes a huge difference to how staff are inspired and to the rehabilitation of offenders. That is why Government Members are arguing for prison reform to empower governors, give them control of budgets and enable them to get local resources to meet the needs of offenders.

Released Offenders: Employment

11. **David Mackintosh** (Northampton South) (Con): What steps the Government are taking to ensure that offenders find employment on release. [906065]

16. **Tom Pursglove** (Corby) (Con): What progress her Department is making on ensuring that offenders find employment on release. [906070]

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): Most offenders arrive in prison with very low levels of educational attainment, very high levels of substance misuse and a very poor employment history. I believe that the purpose of modern prisons is to keep the public safe and to tackle each of those issues, so that prisoners have the foundations to secure and hold down a job on release.

David Mackintosh: I thank my hon. Friend, but I have recently visited prisoners from my constituency who told me that offenders do not have access immediately on their release to national insurance numbers, bank accounts or unemployment benefits. Will the Minister let me know what steps the Government are taking to improve this situation?

Mr Gyimah: I agree with my hon. Friend that if “through the gate services”, as we call them, are to work and to stop reoffending, national insurance numbers, bank accounts and so forth need to be in place. There is a series of programmes in place to tackle this problem, including an offender banking programme, which opens about 5,000 new bank accounts every year.

Tom Pursglove: The Minister has rightly identified the fact that research shows that employment after custody greatly reduces the chances of reoffending, so what work is his Department doing with the Department for Work and Pensions to make sure that offenders not only find work after they leave prison, but stay in work?

Mr Gyimah: As my hon. Friend has rightly identified, tackling the challenge—and it is a challenge—of getting prisoners work when they leave requires a concerted effort across government and locally across the community. Every prisoner has the opportunity to meet a DWP work coach before release, and the work coach’s role is to guide them towards employment. Work coaches can also ensure that prisoners know their national insurance numbers and get the other services they need to be able to make an appropriate transition into the community.

Mr David Hanson (Delyn) (Lab): Many prisoners are already on short-term sentences of under nine months and are often in prison for very short periods. Will the Minister give us some advice on how governors will be judged on placing such prisoners into employment when the challenges are very difficult?

Mr Gyimah: Since being appointed to this job, I have met a number of governors, and most of them tell us that they want to be empowered to match resources to the needs of prisoners in their prisons, working with local employers and the whole community. That is what governors want, but this is not the responsibility of governors alone. If we want prisoners to be able to go out and find work, businesses have a role, the community has a role and we all have a role. If prisoners can leave, get jobs and restart their lives for the better, we all benefit.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): More than 60% of young people within the justice system have a communications disability, and more than a third of young offenders have speaking and listening skills at the level expected of an 11-year-old. With these skills being fundamental to the ability to hold down a job, will the Minister update us on what assessment the Government have made of speech and language support needs and of how well those needs are being met?

Mr Gyimah: The hon. Lady is obviously right that many prisoners arrive at prison with huge learning difficulties and disadvantages. That is well documented. We need individual programmes tailored to the needs of the prisoner, and the way to do that, as my right hon. Friend the Secretary of State said, is to empower governors to work with probation companies and rehabilitation organisations to deliver those programmes.

Mr Speaker: I gently say to the Minister that I wrote a little report on this matter in 2008, a copy of which I dare say he will find either on the internet or in the House of Commons Library, if it is of interest to him.

Mr Gyimah: I look forward to reading it.

Mr Speaker: I am sure he does. We are immensely grateful to him.

Prisoners: Literacy

12. **Neil Parish (Tiverton and Honiton) (Con):** What proportion of prisoners are illiterate. [906066]

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): Fewer than half of the people entering prison have basic standards of English and maths. This is a huge problem because we know that low levels of education can prevent people from securing jobs on release and leading law-abiding lives.

Neil Parish: The Secretary of State is quite right to say that both literacy and numeracy are essential to getting a job. Should we not therefore put more resources into educating prisoners on release so that they are able to get jobs?

Elizabeth Truss: My hon. Friend is absolutely right. The fact is that too many people enter our prisons without those skills. We need to use their time in prison to help them to gain the basic skills so that they can succeed outside. We have started measuring prisoners’ skills by testing them as they enter prison. I am keen to see that we measure real progress made during prisoners’ stay in prison and hold governors accountable for that.

Valerie Vaz (Walsall South) (Lab): Will the Secretary of State confirm that there will be no return to the policy of banning books for prisoners?

Elizabeth Truss: I confirm that books are freely available in prison.

Mr Edward Vaizey (Wantage) (Con): I warmly welcome my right hon. Friend to her position. I was delighted to hear the new Secretary of State for Culture, Media and Sport talking about the importance of the arts in prisons. I hope that my right hon. Friend will recognise how the arts can bring prisoners to literacy and teach them a huge range of skills. I hope she will meet the National Criminal Justice Arts Alliance at the earliest opportunity to discuss what the arts can do, particularly in respect of literacy.

Elizabeth Truss: May I say what a fantastic job my right hon. Friend has done in championing the arts in every part of our country? His legacy lives on, and it will live on in our prisons.

Mr Speaker: I think that the right hon. Member for Wantage (Mr Vaizey) is overcome with emotion. What a happy day for the feller!

Mr Gregory Campbell (East Londonderry) (DUP): What discussions will the Secretary of State have with Justice Departments in devolved legislatures throughout the United Kingdom to ensure that best practice is replicated in the improvement of literacy in all UK prisons?

Elizabeth Truss: I look forward to meeting my counterparts from all over the United Kingdom and discussing these critical issues, because this is a challenge that we all face.

Mr Speaker: Order. We are running late, so extreme brevity is now required.

Access to Justice

13. **Kate Hollern** (Blackburn) (Lab): What steps her Department is taking to ensure access to justice regardless of ability to pay. [906067]

The Minister for Courts and Justice (Sir Oliver Heald): The Government's reform programme is intended to deliver a simpler modern justice system that is available to everyone.

Kate Hollern: East Lancashire, which includes my constituency and up to five other constituencies, has only one legal aid solicitors firm to deal with housing. What is the Minister going to do about that legal advice centre desert?

Sir Oliver Heald: It is important for legal aid to be available, and it is, in housing cases. It is also available in the most vital cases, in which people's lives, liberty or homes are at stake. It is available in domestic violence cases, and cases in which children may be taken into care. I am, of course, grateful to the hon. Lady for highlighting the issue, but let us be clear about the fact that legal aid in housing cases is available, as is a national helpline, as well as the services of lawyers throughout the country.

Topical Questions

T1. [906035] **Mr Douglas Carswell** (Clacton) (UKIP): If she will make a statement on her departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Elizabeth Truss): I am proud to take on the role of Lord Chancellor and Justice Secretary, upholding the rule of law and reforming our justice system. I am determined to ensure that our prisons are places of safety and reform where offenders can get off drugs, improve their education, and develop the work skills they need so that they are less likely to reoffend. I pay tribute to our brave prison officers and probation staff.

Over the next couple of months I shall lay out my plans for prison reform, and set out plans to modernise the courts so that we can continue to have a world-leading justice system.

Mr Carswell: Sir James Munby was asked to undertake a review of the family courts in August 2014. Can the Secretary of State update the House on any progress that has been made in opening up the family courts and ending the secrecy that can lead to injustice?

Elizabeth Truss: I am due to meet James Munby next week to discuss that issue in more detail. Some progress has been made in opening up the family courts, but there is, of course, a balance to be struck between highly sensitive issues and opening them up fully. I will look at the issue in more detail.

T2. [906036] **Jack Lopresti** (Filton and Bradley Stoke) (Con): Will my right hon. Friend commit herself to using all the powers at her disposal to protect British military personnel and veterans, who have served our country bravely and with great honour, from spurious and outrageous legal claims such as those pursued by, for instance, public interest law firms?

Elizabeth Truss: I am delighted to tell my hon. Friend that this summer the Legal Aid Agency pulled the plug on its contract with Public Interest Lawyers, who will no longer be ambulance-chasing our brave service personnel. Legal aid should support vulnerable people in our society, and should not be used to pursue spurious cases against the armed forces who do so much to serve our country.

Jo Stevens (Cardiff Central) (Lab): May I join colleagues in welcoming the new Justice Secretary and her team to their roles?

The Government created the toxic conditions for the record levels of violence, drug finds and deaths throughout the prison system by reducing the number of prison officers by a third, yet the former Prisons Minister spent much of his time at the Dispatch Box this year telling me quite proudly about his Department's successful recruitment drive. The Justice Secretary did not seem to have the figures with her earlier when she answered a question from my hon. Friend the Member for Darlington (Jenny Chapman), so I will help her out. Can she explain why we have 421 fewer full-time equivalent front-line prison officers working in our public prisons than we did a year ago?

Elizabeth Truss: I fully acknowledge that we do have issues with violence and safety in our prisons. The levels are unacceptable. I am determined to deal with this issue and I will lay out my plans very shortly.

Jo Stevens: Since the Government's probation privatisation, concerns have repeatedly been raised about the quality of pre-sentence reports for the courts as a result of arbitrary targets set. The probation inspectorate has this month described that as a persistent problem leading to inappropriate sentences being handed down. Vital safeguarding checks, such as domestic violence checks with police and child protection checks with children's services, are not taking place prior to sentencing. Will the Justice Secretary today commit to an urgent review so that the public, probation professionals and sentencers can have confidence that when convicted criminals are sentenced, those deciding on them have all the necessary safeguarding evidence available?

Elizabeth Truss: Our probation services do vital work and the Minister responsible for prisons and probation is looking very closely at this issue, but I would point out that those now on shorter sentences get much more support thanks to our new probation contracts.

Mr Speaker: Contributions to topical questions must be brief, whether from the Back Benches or the Front. There is a lot to get through and not much time in which to do so.

T3. [906037] **Derek Thomas** (St Ives) (Con): I would never excuse criminal behaviour but some prisoners and former prisoners I have met have been denied

opportunities in life that many of us take for granted. What are the Department and other Departments doing to ensure the life chances agenda extends to prisoners?

The Parliamentary Under-Secretary of State for Justice (Mr Sam Gyimah): I thank my hon. Friend for that question. Some of the problems in society are magnified in our prisons. As the Prime Minister said, if we are going to have a country that works for everyone, prison reform is very much a part of that, including on literacy, training, work in prisons and employment opportunities when people are released.

T4. [906038] **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): The Secretary of State will know that Charlie Taylor was asked to carry out a review of the youth justice system last year. An interim report was published in February, and we were promised the final report in July. We still do not have it; can the Secretary of State tell us when we will have it, and give us an explanation for the delay?

Elizabeth Truss: This is an incredibly important issue. Both the youth justice Minister and I have met Charlie Taylor and we will publish our response this autumn.

T5. [906039] **Pauline Latham** (Mid Derbyshire) (Con): Does the Department intend to promote English law, the rule of law and our legal sector around the world, particularly to take advantage of the opportunities that may arise from Brexit?

Elizabeth Truss: English law has had a huge impact, spreading the rule of law around the world. It is the law of choice in over a quarter of jurisdictions, and Brexit gives us even more opportunities to promote this. I will be championing our £25 billion legal services industry as a key part of post-Brexit global Britain.

T7. [906041] **Paul Blomfield** (Sheffield Central) (Lab): The Justice Committee has expressed concern that judges are now reporting that they hear no money claims at all—claims that were brought by workers in low paid sectors and which often succeeded. So when will the Government publish the review of the impact of employment tribunal fees, which is now six months overdue, and act to restore justice for low paid workers?

The Minister for Courts and Justice (Sir Oliver Heald): May I start by welcoming the Justice Committee's report on court and tribunal fees? We are intending to respond, and we are also going to publish the review of changes to employment tribunal fees in due course. This is an important area and we will do that.

T6. [906040] **Wendy Morton** (Aldridge-Brownhills) (Con): I want to ask the new Secretary of State about the treatment of women giving birth in prisons and those with young children, and whether she will do more to ensure children have access to their mothers and, where appropriate, their fathers, and can be as near to them as possible.

The Parliamentary Under-Secretary of State for Justice (Dr Phillip Lee): One hundred babies resided in mother and baby units in English prisons in 2015. Prisons do an excellent job in making these environments as pleasant as possible and babies are able to spend time away from

the prison with nominated carers. However, knowing the importance of the early years for child development, it is essential that we consider alternative ways of dealing with female offenders, including those with young children and babies and other caring responsibilities.

T8. [906042] **Kate Green** (Stretford and Urmston) (Lab): The Secretary of State alluded earlier to the closure and imminent sale of Holloway prison and she may be aware of the wish to site a woman's centre on the site. Discussions are taking place, I understand, with the Mayor of London. Can the Secretary of State confirm that she and the Government will play their part in ensuring an outcome that secures services for women on that site?

Elizabeth Truss: I thank the hon. Lady for her question, and I will be very interested in looking more at the details of that proposal.

T9. [906043] **Andrew Bingham** (High Peak) (Con): Following the closure of Buxton courthouse in my constituency, the previous Minister decided, following my representations, that the work should go to Stockport, not Chesterfield, as had originally been intended. However, a sign has now appeared on the disused courthouse saying that the work has gone to Chesterfield. Will my hon. and learned Friend please investigate this and ensure that the decision made by the Minister is implemented, rather than the one envisaged by the officials in the original, flawed consultation?

Sir Oliver Heald: I am grateful to my hon. Friend for raising this issue. He will be pleased to hear that I have had that notice taken down. The response to the consultation stated that the work would go to Stockport and Chesterfield, and that is what is happening.

John Cryer (Leyton and Wanstead) (Lab): Further to a previous question, I have many constituents who cannot get access to employment tribunals because the fees introduced during the last Parliament have proved prohibitive. Will the Minister promise to make a statement to the House on the impact of those fees?

Sir Oliver Heald: As the hon. Gentleman will have heard, we recognise that we need to produce our review—which we are going to publish—and to respond to the Justice Committee's report. Those documents will be available in the Vote Office, and that will happen in due course. We are committed to doing that.

Mr Jonathan Djanogly (Huntingdon) (Con): Effective court administration is a very different matter from retaining inefficient and costly court buildings. The question is whether the closures are going hand in hand with investment, efficiency and the best use of technologies in the surrounding courts—not least in Bury, Mr Speaker.

Mr Speaker: I was not psychic; I now realise what the hon. Gentleman was driving at earlier. I am glad that he was persistent. Persistence pays.

Sir Oliver Heald: My hon. Friend is right. We need a programme of transformation that maintains the very high quality of our legal system—I am sure Members would agree that it is one of the best in the world—but

we want to make it the most modern as well, and that is what we are doing. We are investing £1 billion, we have saved a Shard-load of paper, as I mentioned earlier, and we are going to do a lot more, so that our courts can benefit from the digital revolution that every other part of society is already benefiting from.

Vicky Foxcroft (Lewisham, Deptford) (Lab): My constituent's 17-year-old son Shaquan was murdered last year in Brockley. Will the Minister meet me and Sharon, Shaquan's mother, to discuss the repeated failings in our justice system that mean that his killer is still walking the streets?

Elizabeth Truss: I would be very happy to meet the hon. Lady and her constituent, and I am very sorry to hear about that case.

Alberto Costa (South Leicestershire) (Con): Colin Pitchfork was convicted of raping and murdering two young girls in the 1980s. Will the Minister please assure me and the public of their safety, given that Mr Pitchfork is being moved to an open prison?

Mr Gyimah: My hon. Friend will be aware that the transfer of prisoners from one prison to another is based on a careful assessment of the risks involved. I am sure that that will have taken place in this case, but I would be happy to discuss the matter with him in more detail if he wants to do so.

Ms Margaret Ritchie (South Down) (SDLP): Does the Secretary of State accept that the Human Rights Act 1998 is an indispensable part of the Good Friday agreement and that, whatever the plans are for elsewhere, the Government, as a co-guarantor of the agreement, are obligated to retain the Act in Northern Ireland?

Sir Oliver Heald: The UK has led the world in human rights, from Magna Carta to habeas corpus, and the Government are committed to bringing forward a British Bill of Rights further to build on those ancient protections. The Prime Minister has already met Nicola Sturgeon to make sure that the UK works together—[HON. MEMBERS: "This is about Northern Ireland."] As the Secretary of State said, we intend to meet all those across the United Kingdom who have concerns about this.

Matt Warman (Boston and Skegness) (Con): Over the summer I visited the job club at North Sea Camp prison in my constituency, which was set up at the behest of prisoners there. Does the Minister agree that some of the best examples of rehabilitation are to be found in category D prisons? Will he come and see that

prison so that we can learn about what really good rehabilitation can do for prisoners' life chances across the wider prison estate?

Mr Gyimah: Spreading best practice is obviously essential, particularly for rehabilitation. I welcome the opportunity to visit my hon. Friend's constituency to see the excellent work that is being done by the job club.

Rob Marris (Wolverhampton South West) (Lab): Half an hour ago, the Secretary of State said that when the Human Rights Act is repealed it will be replaced with a new British Bill of Rights that will include additional human rights. What additional human rights will there be?

Elizabeth Truss: I said that we will enhance human rights in this country, and we will bring forward our proposals in due course.

Justin Tomlinson (North Swindon) (Con): With proactive cross-Government work, we have seen a 41% increase in disability hate crime prosecutions. Will the Secretary of State keep that as a priority?

Elizabeth Truss: I absolutely agree with that.

Angela Crawley (Lanark and Hamilton East) (SNP): I received assurances from the Government that the post-implementation review of tribunal fees would be published late last year. Nine months on and after thousands more discrimination cases, we are still waiting. Why has it taken so long for the Government to get a move on and publish the review? Will the Government follow the Scottish Government by abolishing tribunal fees completely—that is Scotland, not Northern Ireland?

Sir Oliver Heald: As the hon. Lady says, it is right that the review should be published. It will be published in due course with the reply to the Select Committee. We welcome the report and the discussion, so I thank her for her question.

Fiona Bruce (Congleton) (Con): Will a Minister confirm that this ministerial team will continue the good work of its predecessor in considering how prisoners' family ties can be strengthened to improve rehabilitation and reduce recidivism?

Elizabeth Truss: My hon. Friend has a long-standing interest in this matter, as does the former Prisons Minister. We are determined to pursue this important part of rehabilitation.

Mr Speaker: I am sorry to disappoint some colleagues but, as usual, demand has exceeded supply.

Sellafield

12.36 pm

Mr Jamie Reed (Copeland) (Lab) (*Urgent Question*): To ask the Secretary of State if he will make a statement on safety at Sellafield.

The Minister for Climate Change and Industry (Mr Nick Hurd): Ensuring high standards of nuclear safety and security will always be a top priority for the Government. On Sellafield, I can assure the House that there is no safety risk to site staff or the public, and it is wrong to suggest otherwise.

As the hon. Gentleman knows more than anyone, Sellafield is a uniquely challenging site that contains the legacy of the UK's earliest nuclear programmes, when nuclear waste was dumped with no plan for how it would be disposed of safely. The Government have been turning that around in order to clean up Sellafield as safely, cost-effectively and quickly as possible, which is an enormously complex task.

We have a strong regulatory system and all operators are answerable to an independent regulator. The Office for Nuclear Regulation is satisfied—it has confirmed that again this morning—that Sellafield is safe. The regulation of facilities is the ONR's top priority with a team of around 50 inspectors deployed. The ONR requires the site to improve continuously. The ONR has confirmed that none of the issues raised in the "Panorama" programme is new. The ONR operates transparently. The issues facing Sellafield have been reported to Parliament in the ONR's annual report and accounts, in which the ONR concluded that important progress has been made.

Mr Reed: I thank the Minister for his response. The safety and security of Sellafield are the most important considerations for everyone working at the site. Safety is non-negotiable. As a former third-generation Sellafield worker, I know that the Sellafield workforce are acutely aware of its responsibilities towards the entire community and the country as a whole. As such, I welcome the interest of journalists and politicians—anyone and everyone—in the work undertaken at Sellafield. Visibility and accountability for that work should be welcomed. I would like to see more of it and I would like to see that done in a robust and responsible way. That is why the work of the National Audit Office and the Public Accounts Committee is so important.

As the Minister pointed out, the truth is that Sellafield is a unique site, hosting a unique and complex set of engineering challenges that have arisen over decades—arguably the most difficult engineering challenges anywhere in the world. Sellafield is a publicly owned site. The work of the Nuclear Decommissioning Authority, Sellafield Ltd and the rest of the supply chain is undertaken in the national interest using public money. Will the Minister commit today to long-term, predictable budgeting for Sellafield so that greater benefits can be gained and economies of scale achieved at the site? Public accountability for the work should not only be welcomed, but insisted upon, so it is vital that the NDA is allocated the resources necessary to discharge its responsibilities to our nation and my community.

In addition, it is essential that the industry regulator has the resources it requires to regulate effectively and efficiently. Will the Minister commit to providing the

regulator with the resources it says it needs? I note that the regulator told "Panorama" that it was happy with progress being made at Sellafield. Will he ask the regulator to respond to the allegations made by the programme on a point-by-point basis? Does he agree, as I do, that the NDA was right to change the operating model at Sellafield and to replace Nuclear Management Partners? Does he also agree that the workforce should be commended for the work done in progressing the clean-up mission to date?

Crucially, in welcoming the renewed focus that "Panorama" has given to the work under way at Sellafield, will the Minister commit his Department to working with me, my community and the Sellafield workforce to acknowledge Sellafield as a national asset? The globally unique engineering challenges at Sellafield, accompanied with a truly world-class, highly skilled workforce, provide enormous opportunities for my community and the UK to become the global centre of excellence for the nuclear industry. Meeting the challenges of Sellafield places us in a unique position to meet the challenges facing the nuclear industry around the world, and we must utilise these skills. This should be worth billions to the UK economy. Alongside the development of the Moorside power station, my community should become one of the fastest growing economies anywhere in the UK. Will the Minister and his Department work with me, the local workforce and the local supply chain to make this a reality?

Mr Hurd: I thank the hon. Gentleman for his response, and I agree with him 100% about the non-negotiability of nuclear safety. There can be no disagreement on that, and I am glad that he recognises the progress being made all the time at Sellafield. I wish to place on record the Government's appreciation for the difficult work done by the many people who work there. We have the most regulated and safest nuclear industry in the world. I do not want to encourage any sense of complacency about that, but it is a fact. Any nuclear power station in the UK must comply with our stringent nuclear safety laws, which are overseen by a robust industry regulator. We lead the world with our skills and expertise in this area.

The hon. Gentleman mentioned the regulator, which is clearly a massively important part of this landscape of protecting the public. As I said in my opening statement, the regulator has said very clearly that it is satisfied that Sellafield is safe, and it has repeated that again to our officials today. As he knows, the NDA has put out a detailed rebuttal of all the points made in the "Panorama" documentary, which I have watched; I think they were all rebutted robustly in the programme. As he knows, none of those points is new. Funding is incredibly important and it is done on a very significant scale; as he knows, it costs £2 billion a year to clean up Sellafield safely.

The hon. Gentleman asked me whether we agreed with the change in the operating model and, yes, of course, we do; it is generally recognised that that is a much better way of working. As I have said, I am assured that the regulator is doing its job, that progress is being made and that Sellafield is safe, and I wholly accept his offer to work closely with him to make sure that that is more widely understood and appreciated.

Kevin Foster (Torbay) (Con): Only last week, I was at Hinkley Point B seeing the very high safety standards the nuclear industry practises. Does the Minister agree that being able to have an open and sensible discussion about nuclear safety issues is a key part of keeping our industry safe? Does he also agree that we have one of the most effective regulation systems in the world, which has meant that we have had many decades of safe, clean power generated? Sellafield plays a key part in that in this country.

Mr Hurd: I thank my hon. Friend for that positive and constructive intervention. This is a massively important issue on which no Government can show any complacency, but I believe that we have set up a proper framework and a robust system of transparency and accountability. Considerable progress continues to be made, but the safety record continues to be an impressive one, which is why countries all around the world come to see how we do it.

Barry Gardiner (Brent North) (Lab): Yesterday evening's television report on Sellafield was profoundly disturbing, and my hon. Friend the Member for Copeland (Mr Reed) was absolutely right to request this urgent question—I thank you, Mr Speaker, for granting it. My hon. Friend expressed his concerns at the revelations and referred to the importance of the storage and reprocessing facility for his constituency. Of course, the House must raise such concerns on behalf of the country.

I want to focus on a number of questions on which I believe the Minister should give the House either further information or reassurance, and preferably both. On minimum staffing levels, will he confirm that as recently as five days ago a formal notice was sent to the management, raising the unions' concern about critical manning levels and the ability to comply with the appropriate procedures and practices when minimum staffing levels are not met?

Will the Minister also say whether he agrees with Dr Rex Strong, the head of nuclear safety, who said in last night's programme that not meeting the minimum safety standards or staffing levels did not mean that there was a safety risk?

In 2013, the manager of the site, Nuclear Management Partners, produced its somewhat ironically entitled excellence plan, cataloguing the safety problems and the critical nature of the infrastructure with respect to both electricity and water supply on the site. Why did the Government not insist that further resources—staffing and, of course, financial resources—be invested in the site to clean it up at that point? The Minister will know that expenditure in 2012-13 was £7,348 million, with £3,157 million from the Department of Energy and Climate Change itself. The year following that report, the figure had fallen to £5,345 million. Will he explain why, after such a damning report, the resources going into the site decreased? Will he also confirm that the cost estimates for the clean-up of the site have increased at an annual estimate from £25.2 million to £47.9 million?

The programme also cited problems with alarms, and it was said that these were turned off repeatedly, without checking. Will the Minister confirm that that practice is no longer in force? Finally, will he confirm that he has absolute confidence in Dr Rex Strong as head of nuclear safety at Sellafield and John Clarke, the chief executive of the Nuclear Decommissioning Authority?

Mr Hurd: Again, I thank the hon. Gentleman for a constructive response, which reflects the cross-party concern to get this absolutely right with no equivocation. Issues were raised in the programme about minimum safety levels. I think they were responded to adequately in the programme. We were reassured that the NDA always has enough people on duty to maintain the site safely, and if the work cannot be done safely it will not get it done. I think the programme and the response to it have reassured us on that front.

As I said in my opening statement, cleaning up Sellafield safely costs £2 billion a year, and maintaining the NDA's overall annual spend on cleaning up the UK's nuclear sites at some £3 billion reflects the continuing importance that the Government place on cleaning up the civil nuclear legacy and Sellafield.

The hon. Gentleman asked about the reaction to the number of alarms raised—another issue raised in the programme. Those alarms, as he knows, are not unusual, and do not necessarily mean that there is a safety issue. However, we are reassured that staff are briefed never to be complacent and always react to alarms if they are serious, which is a point that was made in rebuttals in the programme.

On levels of confidence, yes, we do have confidence in the NDA. We also have a great deal of confidence in the independent regulator, which has made it quite clear that, as far as it is concerned, the programme does not raise any new issues and that Sellafield is safe.

Tom Pursglove (Corby) (Con): Does the Minister agree that it is essential that the BBC give the same prominence to the regulator's response as it has to the original claims made?

Mr Hurd: "Panorama" has historically served an extremely useful function in this country by shining a spotlight on some extremely important issues and throwing up some extremely challenging questions, and this programme was no exception to that rule. As we have discussed before, it is important that we have proper transparency and proper accountability on such a fundamental matter. Having watched the programme, I thought there was adequate balance in it, in the sense that the issues were raised and space was given for what I thought was adequate rebuttal of them in the rebuttals published by the NDA and the regulator, and the confirmation made to us about their view that nothing has changed in their perception of Sellafield. That is a matter of record and it is up to the BBC whether it continues to extend the balance shown in the programme and reflect that reality.

Callum McCaig (Aberdeen South) (SNP): I welcome the opportunity to address the matter, and I congratulate the hon. Member for Copeland (Mr Reed) on successfully tabling his question. The issue is an important one and our prime concern on the Scottish National party Benches, as it is across the House, is the safety of staff and of the communities around Sellafield. The harsh lesson of incidents at nuclear power plants is that where safety is concerned, there can be no shortcuts in any circumstances. The Minister said that there would be no complacency on the Government's part. What assurances has he sought that the issues identified in the BBC "Panorama" programme, particularly those related to staffing levels, will not be repeated at the Sellafield site?

[*Callum McCaig*]

The issue of a permanent storage facility for the high level toxic legacy that we have has caused some consternation over the years. What progress has been made in identifying a safe and secure deep geological storage facility? We know that the economic costs in the nuclear industry are high, but the cost of allaying security and safety concerns is astronomical. If the price is too high to pay, will we scrap the nuclear obsession with Hinkley? What assurances can the Minister give us that there will be no repercussions or attempted retribution for the whistleblower?

Mr Hurd: On the last point, I can reassure the hon. Gentleman. Whistleblowers always have a role to play. They are part of the landscape of accountability and transparency, and anyone watching that programme will have reached their own view on the motivations of those individuals. It is not an issue for Government. The hon. Gentleman sought assurances that issues would not be repeated. The critical thing, as we have discussed, is this House's confidence that the architecture of transparency and accountability in the process, the role of the regulator and the way in which the regulator reports to this House is sufficiently robust. I have not heard any comments suggesting that the House does not have confidence in that process.

The hon. Gentleman is right to say that we are dealing with an unsatisfactory legacy of the past, when things were not thought through properly and were poorly designed. Now, when we look at new nuclear, we see that the process has changed. The decommissioning process is negotiated up front. The hon. Gentleman is right that permanent long-term solutions must be found. When we are clearer about that, we will make announcements at the appropriate time.

Mr Philip Hollobone (Kettering) (Con): I welcome my hon. Friend to his new post. Given his new role in the Department, when does he expect to visit Sellafield to see it for himself?

Mr Hurd: I am delighted that my hon. Friend makes that point. It is a measure of the importance that the Government—effectively, a new Administration—attach to the issue that last week Sellafield was visited by not one Minister but two: Baroness Neville-Rolfe, who leads on energy in the Department, and, I am delighted to say, the Chief Secretary to the Treasury. That is significant in itself.

Sue Hayman (Workington) (Lab): I thank my hon. Friend and neighbour the Member for Copeland (Mr Reed) for bringing this important matter before the House. I have many constituents who work at Sellafield and they have been in touch with me, as has the local Prospect union, because they are concerned about what the “Panorama” programme said about safe staffing levels. Those staff are committed to the highest standards of safety. They are a huge asset to our nuclear industry and they feel undermined by what was said in the programme. Can the Minister reassure my constituents and others working at Sellafield that there will be continued investment to fund the programmes and skills training there and show that the staff there are truly valued for the work that they do?

Mr Hurd: I am grateful to the hon. Lady for giving me the opportunity to reaffirm again the Government's appreciation for the extremely challenging and incredibly important work that is done by people on the site. It is deeply impressive that, given the complexity of the site and the legacy—this is really difficult stuff—Sellafield's safety record over the past three years is the best that it has ever been. I quite understand why residents and people working at the site may have been upset and disturbed by the programme last night, but I hope that my statement and corroborating statements from other Members have reassured them that as far as the Government are concerned—not least because the independent regulator attaches enormous importance to Sellafield, as reflected in the resources committed to monitoring the site on a very proactive basis—Sellafield is safe.

Mr Alistair Carmichael (Orkney and Shetland) (LD): I appreciate that the Minister has a duty to offer reassurance, but I have to warn him that the content and tone of what we have heard today come dangerously close to complacency. The people who have been responsible for the historical errors of judgment and underinvestment are still involved in the industry today. These words will be heard with concern in the north of Scotland, where we are seeing nuclear waste shipped out from the former Dounreay plant. Will the Minister have the risk assessment for that operation scrutinised independently of the people who were responsible for making the plans?

Mr Hurd: The right hon. Gentleman is an experienced Member of Parliament so I take seriously his warning about tripping over a boundary into complacency. I said at the start that I was determined not to do that. What I am trying to do is reflect genuine empathy with people who live close to the site and who work on the site, who will have been unsettled by the programme last night, which raised nothing new and which, I am keen to stress, in the eyes of the regulator does not change its position in relation to the safety of Sellafield.

The right hon. Gentleman will forgive me if I give some priority to that. He knows the reality of the situation at Sellafield, which is that as a legacy of the cold war, vast amounts of nuclear waste, dumped with no plan for how it would be disposed of safely, languished for decades without anyone properly tackling the problem. The priority for us is to do what we are doing now, which is to continue working to turn that round and clean up Sellafield as safely, cost-effectively and quickly as possible.

Mr Ben Bradshaw (Exeter) (Lab): Given what the Minister says about transparency, accountability and the paramount importance of safety in the nuclear industry, and given the Prime Minister's clear concerns about security and the more widespread concerns about the economics, can the hon. Gentleman give us an assurance that the Government will come back to this House before making a final decision on Hinkley C?

Mr Hurd: I understand the right hon. Gentleman's point. I have nothing to add to the public statements about the process of reviewing the Hinkley decision, which will look at all aspects of that deal, and we will make suitable announcements when we are ready.

Ms Margaret Ritchie (South Down) (SDLP): My constituency is directly across the Irish sea from Sellafield. I have visited Sellafield twice. My constituents contacted me last night. Like me, they watched that programme and were deeply unsettled by it. Given the catalogue of safety hazards that were highlighted last night, and also those that have been documented since Sellafield, and prior to that Windscale, were opened, and the history of both recorded and unrecorded discharges of radioactive waste into the Irish sea, will the Minister commit to working directly with the Nuclear Decommissioning Authority to ensure that an accelerated programme of decommissioning is put in place which will protect communities on both sides of the Irish sea and also ensure the safety of the staff there?

Mr Hurd: I understand the point that the hon. Lady makes on behalf of her constituents. That reinforces the point that I was trying to make earlier about the importance of this statement to try to give some reassurance to all communities that may be affected. I hope that I have done so. As I said, we have confidence in the NDA. We monitor its work closely in terms of both value for money and pace.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The Minister has talked a number of times about cleaning up Sellafield as “cost-effectively” as possible, yet it was only when the Public Accounts Committee in the last Parliament looked closely at the issue that the Government moved to remove Nuclear Management Partners, the American consortium that was running Sellafield. Will he now undertake, as the new Minister, not only to visit, but to make sure that, in all the complex engineering work on this very complex site—I think three of the top 10 engineering challenges internationally are at Sellafield—the difficulty does not overblow the challenge of benchmarking engineering projects in similar fields, so that we get good value for money for the taxpayer while carrying out the important clean-up?

Mr Hurd: I take this opportunity to congratulate the hon. Lady on the extremely effective way she has chaired that Committee. The point she makes about the role of the PAC in this is really important in terms of reinforcing the framework of transparency and accountability around

this incredibly complex process. This process carries a huge bill for the taxpayer, so it is absolutely imperative for a Government of any colour to drive it forward in as responsible and cost-effective a way as possible, with value for money being a prime consideration, but I take on board her suggestion very seriously.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): The UK Government’s entire nuclear policy, from Trident to Hinkley, is nothing short of appalling. If any of these allegations by the BBC are found to be true, it will surely be another in a long list of reasons to move away from this nuclear obsession. Does the Minister not concede that he should consider taking a leaf out of the Scottish Government’s book and ban the creation of new nuclear power stations to minimise the amount of waste going to Sellafield?

Mr Hurd: No.

Jim Shannon (Strangford) (DUP): The nuclear industry is normally a highly regulated sector. Has the Minister considered how his Department can work with Sellafield to ensure that there is faster implementation of safety measures and that the issue of storage—a very clear problem—is addressed as quickly and as safely as possible to ensure the smooth running of this vital plant?

Mr Hurd: In principle, yes.

Mr Speaker: Order. I am grateful to the Minister and to colleagues.

BILL PRESENTED

SAVINGS (GOVERNMENT CONTRIBUTIONS) BILL

Presentation and First Reading (Standing Order No. 57)

Mr Chancellor of the Exchequer, supported by the Prime Minister, Mr David Gauke, Jane Ellison, Gavin Barwell, Simon Kirby, Richard Harrington and Mr Rob Wilson, presented a Bill to make provision for, and in connection with, government bonuses in respect of additions to savings accounts and other investment plans.

Bill read the First time; to be read a Second time tomorrow, and to be printed (Bill 59) with explanatory notes (Bill 59-EN).

Parental Bereavement Leave (Statutory Entitlement)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.3 pm

Will Quince (Colchester) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for statutory entitlement to leave of absence from employment for bereaved parents and for connected purposes.

I seek leave to introduce a Bill to amend the Employment Rights Act 1996 to give parents who have suffered the loss of a child a statutory right to two weeks' paid leave. May I start by paying tribute to the former Member for Glasgow South, who campaigned for this change, and to the many hon. and right hon. Members across the House who support this campaign?

Every Member of the House will agree that there can be few more distressing life events than the loss of a child. Yet, with up to 5,000 children dying every year, many thousands of parents go through this personal tragedy. As the House is aware, my wife and I lost our son, who was stillborn full term, in October 2014, and I was entitled to two weeks off work, protected by statute under the paternity rules. As it happened, I had a very understanding employer, so my legal rights did not come into question. However, it was comforting to know that I was entitled to two weeks off work by law—that I could take that time as needed to come to terms with the incredible loss. I know how valuable it was to spend precious time with my wife coming to terms with what had just happened, registering the death, making the arrangements for the funeral and preparing to say goodbye.

I cannot begin to understand what it would feel like to lose a child at seven months or at two, five, 10 or 15 years old. The grief must be unbearable, and my heart goes out to any parent who has had to go through this most terrible of life events. Yet, why should those parents not have the same protection in law as those who lose a baby through stillbirth or in the first few days and months of life? In such situations, a bereaved mother and father are entitled to full maternity and paternity leave, but if someone loses a child or an older baby—nothing. Surely that cannot be right.

At present, there is no statutory right to take time off on compassionate or bereavement grounds. However, all employees have the right to take immediate time off for dependants; in effect, that is a legal right to take time off unpaid to take the necessary action. Yet, there is no set limit on how many days can be taken as leave and a rather vague definition of a reasonable amount of time. Further, there is no statutory right to be paid during this reasonable amount of time. The reference to taking action distinguishes this form of leave from bereavement or compassionate leave. The type of action contemplated by the relevant provision is arranging and attending a funeral, registering the death and so on; it does not provide a right to leave to cope with the emotional reaction to the child's death. An employee's right to bereavement leave is therefore not protected by law in this respect, and the duty to show compassion is left entirely to the employer's better judgment.

To be clear, most employers are excellent; they act with compassion and kindness, offering their bereaved staff the time they need to come to terms with their loss.

However, some do not, and they behave in a manner that falls well short of what we would expect of them. Of course, we expect employers to act with sensitivity and flexibility in situations like this. Yet, given the countless examples of organisations acting without sensitivity and with utter inflexibility, surely it is time for the Government to act.

I am certainly alive to the pressures on businesses at the moment—especially small businesses—and I am loth to introduce any additional regulatory burden. However, given the relatively and thankfully small number of bereaved parents annually, the cost to business would be small. There is also an argument that such a proposal is beneficial to business. Most employers already go out of their way to treat their staff with compassion and often give them fully paid leave. This change would allow them to recover some of the cost of doing so.

So how much would this cost? It is difficult to say, because it would largely come down to the eligibility criteria, but research conducted by the House of Commons Library suggests that the cost could be as little as £2 million per year. However, the reality is that every bereaved parent is different; some will want to take time off, and others will want to get straight back to work. In the same way, not everyone takes their full maternity or paternity rights. The issue, however, is that they have the choice and protection by law.

Some will come at this from a religious perspective. In Hinduism, for example, when a death occurs, relatives are required to observe a 13-day mourning period after cremation. In Judaism, family members are required to stay at home for seven days of mourning after a death.

Statutory bereavement leave is a common right across Europe and in many countries across the world. While the exact conditions vary in terms of total time off and whether said leave is paid or unpaid, it is remarkable that one can argue that Albania or Bosnia and Herzegovina have better worker rights in this area than us. My proposal would give UK workers some of the best bereavement rights in the world in terms of the length of leave possible. While other countries, such as Israel, offer leave with full salary, longer leave at a lower statutory rate is a good starting point.

This is also a popular idea. The 2014 report "Life After Death" from the National Bereavement Alliance and the National Council for Palliative Care quoted research from ComRes, which showed that 81% of people agreed that there should be a legal right to receive paid bereavement leave. The Government e-petition calling for bereavement leave for parents, organised by campaigner Lucy Herd, has over 25,000 signatures, and a Change.org petition has over 165,000 signatures. The campaign also has the support of many organisations, including Child Bereavement UK, the Lullaby Trust, Working Families, Cruse Bereavement Care, Dying Matters—the list goes on.

I fully appreciate the concerns the Government and other Members of the House may have over such a Bill. It will not be perfect. There will always be sincere disagreements over the length of time given and the eligibility criteria. However, let us not make the perfect the enemy of the good. This Bill would be an important first step, giving thousands of bereaved parents up and down the country the opportunity to come to terms with their grief without feeling the pressure of having to return to work. I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Will Quince, Johnny Mercer, Frank Field, Dr Sarah Wollaston, Stewart Malcolm McDonald, Suella Fernandes, Wes Streeting, James Cartlidge, Greg Mulholland, Mike Wood, James Cleverly and Stella Creasy present the Bill.

Will Quince accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 28 October, and to be printed (Bill 60).

Finance Bill

[2ND ALLOCATED DAY]

Further consideration of Bill, as amended in the Committee and the Public Bill Committee.

New Clause 14

ENTREPRENEUR'S RELIEF: VALUE FOR MONEY

(1) The Chancellor of the Exchequer shall, within six months of the passing of this Act, publish a report giving HM Treasury's assessment of the value for money provided by Entrepreneur's Relief.

(2) The report shall have particular reference to—

- (a) the cost to the Exchequer of the Relief;
- (b) the number of individuals who have benefited from the Relief;
- (c) the average tax deduction received by an individual as a result of the Relief; and
- (d) the number of new business start-ups since introduction of the Relief.”—(*Rebecca Long Bailey.*)

Brought up, and read the First time.

1.11 pm

Rebecca Long Bailey (Salford and Eccles) (Lab): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

Amendment 174, page 167, line 40, leave out clause 82. Government amendments 149 to 151.

Amendment 175, in schedule 14, page 481, line 36, at end insert—

“(12) Section 169Z makes provision about the expiration of this Chapter.”

Amendment 176, page 499, line 15, at end insert—

“169VZ Expiration of Chapter 5 provisions

(1) The provisions of this Chapter shall remain in force until six years after their commencement and shall then expire, unless continued in force by an order under subsection (2).

(2) The Secretary of State may by order made by statutory instrument provide—

- (a) that all or any of those provisions which are in force shall continue in force for a period not exceeding 12 months from the coming into operation of the order; or
 - (b) that all or any of those provisions which are for the time being in force shall cease to be in force.
- (3) No order shall be made under subsection (2) unless—
- (a) a draft of the order has been laid before and approved by a resolution of both Houses of Parliament,
 - (b) the Secretary of State has commissioned a review of the operation of Investor's Relief and laid the report of the review before both Houses of Parliament.”

Rebecca Long Bailey: I shall speak to new clause 14 and amendments 174 to 176. Amendment 174 would remove clause 82 from the Finance Bill, thereby preventing the proposed cut to the rate of capital gains tax. The cut will reduce the basic rate of capital gains tax from 18% to 10%, and the rate on most gains made by individuals, trustees and personal representatives from 28% to 20%. Gains on residential property and carried interest will still be charged at the higher rate.

[Rebecca Long Bailey]

I do not want to go over old ground, but I must emphasise the Labour party's opposition to this reduction in the rate of CGT. I thank my colleagues from other parties for joining us in our opposition. At a time when our public services are stretched to breaking point, the NHS is on its knees, our education sector is over-stretched, housing is in a state of complete crisis, people across the UK are being forced to use food banks, some mothers are going hungry because they cannot afford to feed their children and themselves, and the wider economy is in desperate need of direct investment in skills, infrastructure and industry, it seems frankly absurd to give a tax break of £2.7 billion to the richest people in our society.

Let us not forget that this CGT giveaway hails from a Budget that also planned to take away billions in welfare payments from the most vulnerable people in need of state support. The Government seemed quite happy at the time of the Budget for 300,000 disabled people to lose more than £3,000 a year in their personal independence payments. In stark contrast, our own research has found that the CGT-cutting measures of the Finance Bill amount to a tax giveaway to 200,000 people of about £3,000 a year on average. I am pleased to say that due to Labour's opposition and the support of some Members from other parties, the worst has not yet happened in relation to PIP, but that still does not justify this policy decision in the Bill. Labour party research shows that just 0.3% of the population will benefit, with those taxpayers likely to benefit to the largest degree being in London and the south-east. If the Government do not accept our evidence, perhaps they will listen to the Resolution Foundation, which said that the CGT cut was

"focused on those on higher incomes—unsurprisingly because in general better off households are the ones making capital gains in the first place."

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): The hon. Lady makes a compelling case. One of the major challenges we face in the UK is geographical and individual wealth polarisation. Based on what she says about where the likely beneficiaries of this tax system would be, what does she think that the policy will do to tackle the great challenge of wealth polarisation that we face?

Rebecca Long Bailey: I certainly do not think that it will address the issue that the hon. Gentleman raises—quite the opposite, in fact.

The Prime Minister herself made the following commitment to the British public on the steps of Downing Street:

"The government I lead will be driven not by the interests of the privileged few, but by yours."

Going back on this policy today would be a good place to start.

Robert Jenrick (Newark) (Con): Does the hon. Lady acknowledge that, even after this cut, CGT rates in this country will still be higher than they were for the majority of time under the previous Labour Government?

1.15 pm

Rebecca Long Bailey: I note the hon. Gentleman's point and thank him for making it.

If I could see some real benefit to the wider economy or society in these proposals, or if times were good for everybody, perhaps I could understand the Government's rationale for making such cuts to capital gains tax, but as things stand these proposals are not driven by the interests of the nation as a whole, but to be enjoyed only by the privileged few. I urge all hon. Members to vote with us to remove these cuts from the Bill because the provision simply has unfairness at its very core.

Speaking of policies for the privileged few, new clause 14 would require the Chancellor to publish a report giving the Treasury's assessment of the value for money provided by entrepreneurs' relief. When entrepreneurs' relief was discussed in the Committee of the whole House earlier this year, the then Minister said:

"officials have for some time been developing a detailed research programme designed to identify taxpayers' motivations for using entrepreneurs' relief, and I expect the results to be published at some point in 2017."—[*Official Report*, 28 June 2016; Vol. 612, c. 236.]

It would seem opportune, then, for the Financial Secretary to accept our provision tying her down to a deadline, given that the Department is already conducting some of the research needed. The Government do not have the best track record of publishing documents when they say they will, so a deadline enshrined in legislation would help. To help the Government in this endeavour, we have listed particular reference points. The report would specifically consider the cost of the relief, the number of individuals who have benefited from it, the average tax deduction received by an individual and the number of new business start-ups since the relief was introduced.

Analysis by Tax Research UK shows that 3,000 people benefited by about £600,000 each from entrepreneurs' relief in 2013-14, at a total cost of almost £2 billion to the Treasury. Unfortunately, the most up-to-date figures for 2014-15 are not yet available, but I suspect that similar analysis will show the same results. As I said in my remarks about clause 82, this amounts to a large sum going into the hands of the very few, and it certainly seems like an inefficient use of public funds. Of course, Labour Members are in favour of supporting entrepreneurialism wherever we find it and we want businesses to grow and flourish in the UK. However, is simply offering a massive tax break years down the line when a business is sold the best way to achieve that? Should not the Government be providing support to entrepreneurs in the early stages of their business development? How on earth could an entrepreneur know if he or she wants to sell their business further down the line, when it is only starting off, so as to factor in the benefits of this tax relief? Let us see some evidence today. I hope that the Minister will commit to taking my comments on board.

The same principle goes for investors' relief, which is the subject of amendments 175 and 176. Those amendments would introduce a sunset clause whereby the relief would expire in six years' time. To extend it, the Government would have to introduce secondary legislation, but in order to do so a review of investors' relief would need to be laid before the House. When we debated a similar amendment in the Committee of the whole House, which would have brought the relief to a close after five years, the then Minister stated that the first set of data would not be available until 2020-21. We have therefore

helpfully amended our amendment to suit the Government's timetable. I hope that the Financial Secretary will now commit to this sunset provision. Without wanting to repeat the remarks I made in the earlier debate, I think that requiring a review of the scheme's efficacy would represent good practice—for all reliefs, indeed, not just this one.

Too often, tax reliefs are provided with the admirable aim of incentivising a certain type of behaviour, but there is no analysis—published analysis, I should say—of whether the policy is achieving the desired aim. That means that the limited resources that the Government keep telling us about might be diverted away from our public services, or limits could be put on our capital spending, for reliefs that might not even be working. I will not press amendments 175 and 176 to a vote, but I really hope that the Minister will address the merits of including such provisions when future tax reliefs are introduced.

I will touch briefly on Government amendments 149 to 151, which will ensure that the upper rates of capital gains tax will apply to carried interest gains. In short, carried interest gains refer to the profits paid to investment fund managers from the fund that are classified as capital gains rather than income for tax purposes. We support the amendments.

I am sure that all hon. Members are aware of the 38 Degrees campaign on the Mayfair tax loophole, which filled up our inboxes over the weekend. I will briefly reiterate the Labour party's position. Clause 37 provides for a tapered system of income taxation on carried interest gains received in respect of investments that are held by a fund for less than three years. As the Minister explained in Committee:

“If the average holding period is less than 36 months, the payment will be subject to income tax. If the period is more than 40 months, the payment will be subject to capital gains tax.”—[*Official Report, Finance Public Bill Committee, 30 June 2016; c. 42.*]

The Labour party supports that provision, but we would have liked all carried interest to be subject to income tax. We tabled an amendment in Committee that would have removed the taper completely, thereby ensuring that all carried interest was treated at 100%—in other words, taxed as if it were income. Unfortunately, the Government did not support us, but none the less we still support the steps they have taken towards closing the so-called Mayfair tax loophole.

I will press amendment 174 to a vote, because the Labour party cannot and will not agree to a measure that benefits so few by so much. We will divide the House to prevent the unfair cut to capital gains tax from going ahead.

Rishi Sunak (Richmond (Yorks)) (Con): I know that when I mention the word “investor” in this House, some Opposition Members get a little a bit excited: their pupils dilate, their pulses quicken and their minds race with images of plutocrats rolling the dice of financial speculation. The reality, however, is a little different. I have spent my own career investing in businesses, and in this country private equity-backed businesses now account for almost 1 million people in employment. The latest research shows that in the run-up to the last crisis, those companies' sales, investment in research and development, and, indeed, exports grew at a faster rate than the national average.

Furthermore, I am sure that everyone in the House would welcome more money for charities, more research funds for scientists, more scholarships for students who need them and lower insurance premiums, and that is indeed what the private equity industry delivers. The funds that private equity companies manage benefit all of us through university endowments, charitable foundations, pension funds and the floats of insurance companies. When the private equity industry does well, the pensioner, the scientific researcher and the scholar from a disadvantaged background all benefit.

This is a Finance Bill from a Government who value their investors and will not demonise an industry, and who know that no contribution, however great, should be allowed to skew the scales of social justice. The clauses that involve changes to carried interest will ensure that the rewards that investment managers receive for their efforts are taxed not only correctly, but fairly. The clauses will introduce a 40-month holding period to ensure that capital gains tax treatment is reserved for genuinely long-term investments, as it should be. I know that Members on both sides of the House support the welcome change to remove the base cost shift loophole, which allowed costs to be advantageously offset against gains. The Bill will also consolidate Government action on disguised fee income that was introduced in the last Finance Bill and ensure that fund managers are paying income tax when appropriate. All in all, the measures will raise in the order of £200 million in the next financial year.

Those new arrangements are not only fair for British taxpayers and society; they will also ensure that we remain competitive internationally. Our general treatment of carried interest, which has been the subject of much debate in this House and various Committees, is actually in line with the treatment carried out in the United States, Germany, Australia and France. All those countries agree with the notion that carried interest is capital in nature and should be treated as such. If we look across Europe, we will see that our rate for carried interest will sit in the middle of those for comparable countries: it will be a little bit above that in Switzerland and Germany, and a little bit below that in France.

The clauses reflecting changes to capital gains tax will ensure that the UK remains a pro-enterprise, pro-growth nation. Small and medium-sized businesses of the kinds that I used to invest in account for more than half of private sector employment in the UK. They are responsible for three quarters of all jobs created since 2008, yet I know from first hand that small and medium-sized British enterprises still struggle to attract enough equity capital to grow. Adjusted for GDP, the size of the UK's venture capital market is a seventh of that of the United States. Just 3% of British companies manage to expand from three employees up to 10, which is half the rate in America.

When I hear about changes to capital gains tax rates, I think about how they will benefit all those small businesses, helping them get the capital they need to grow and to increase investment and employment. Indeed, investors' relief and the other changes to capital gains tax included in the Bill will build on the success of the seed enterprise investment scheme, the enterprise investment scheme, the funding for lending scheme and the British Business Bank, all of which are providing British companies with the capital that is necessary for growth.

[Rishi Sunak]

The changes will ensure that Britain remains a competitive prospect for investment without compromising Government revenue. The hon. Member for Salford and Eccles (Rebecca Long Bailey) mentioned the state of our finances and the need for revenue. I am sure that she welcomes the fact that the Office for Budget Responsibility projects that capital gains receipts will top £7 billion this year and increase to £9 billion next year, which is higher than in any other year in the past decade and a half. Rather than being a sweet deal for the rich, our capital gains tax rate actually sits in the middle of the OECD league tables of capital gains tax rates. Ten countries have rates of 0%, and our rate of 20% will sit two points above the average.

As we contemplate leaving the European Union, it will be vital that Britain's economy remains dynamic, open and competitive to attract the investment we need and maximise the opportunities afforded to us. The clauses relating to capital gains tax and carried interest will ensure that the UK does exactly that, and I will support them later today.

Kirsty Blackman (Aberdeen North) (SNP): I want to speak to the Labour party's new clause 14 and amendment 174, which, as has been ably pointed out by the hon. Member for Salford and Eccles (Rebecca Long Bailey), would remove clause 82 and the increased nil-rate band for inheritance tax.

I will focus first on the entrepreneurs' relief proposed by new clause 14, which makes a key point about the lack of Government transparency. When UK Governments of all colours introduce a tax change, they often do not return with the evidence to show that the policy has worked. They will implement the policy and say that it is wonderful, but they will not bring back the proof. The Minister was asked yesterday how many companies have benefited from the loan guarantee fund in relation to oil and gas, but she was unable to provide a detailed answer. I do not know whether she just did not have the answer at her fingertips or whether the Government have not actually sat down and worked it out. If Governments are going to make grand claims about what they are doing and how good their policies are, they really need to bring back their work and show it to us.

1.30 pm

Mark Field (Cities of London and Westminster) (Con): It is important, particularly in relation to entrepreneurial relief, to point out that the last thing we want is an economy where there are quick-fire gains. One of the criticisms of the tax treatment in the area of private equity and venture capital is that there have been too many incentives for people to sell out too quickly.

The corollary of that surely must be that if an entrepreneurs' relief is designed to encourage entrepreneurs to hang on to their businesses in the longer term, it is difficult for the Treasury to bring back, in a shortish period of time, figures that suggest that a scheme has been a success. We have to look at the general tenor of an economy such as the UK. To that extent, I think that positive changes are being proposed, but I do not think

that it is realistic or fair to expect the Treasury to come back in double-quick time and say, "This has been a great success."

Kirsty Blackman: To be fair, the new clause does not ask the Treasury to come back in such a short time; it asks for a six-month review period. Instead of just saying that they will not do a review, the Government could quite easily say, "We will do a review, but we will do it in 18 months." I would find that acceptable. I would like to see how the schemes are working. I am not necessarily saying that any of them are particularly bad, but the Government need to come back with their workings and tell us how those things are performing.

The UK tax system is incredibly, massively complicated, and there are tax reliefs and taxes for all sorts of things. I am not convinced that the majority of them are working as they were intended to, particularly those put in place 20 or 25 years ago. The whole thing needs looking at, and considering individual things is a sensible place to start. The new clause is about Government transparency, and anything we can do to increase Government transparency around tax reliefs, in particular, is great. It would be very good if the Government considered this for some point in the future, even if not exactly in the terms suggested.

The other thing I want to talk about is inheritance tax. The Conservative manifesto said that the party intended to

"take the family home out of tax for all but the richest".

As I mentioned in Committee, I have a real issue with regarding £1 million homes, or homes that are worth close to £1 million, as normal family homes and not the preserve of the very richest. In Scotland, the average sale price in 2015 for a detached house was £238,000. In Edinburgh, which is at the higher end of the market in terms of price, the detached average sale price was £382,778. Those are detached homes—not family homes, necessarily—so they are specifically at the higher end of the market. In the most expensive place in Scotland to buy, we are looking at homes costing £382,778.

I have been looking at what someone could get for £1 million. In Orkney—fair enough, it is probably not the best example—they could get a six-bedroom home with an attached three-bedroom lodge and a guest wing for less than £1 million. Nobody would call that a normal family home. In Ayr, they could get a 10-bedroom detached category B listed mansion for less than £1 million. Also in Ayr, they could get a six-bedroom home, which seems relatively modest, in these terms, with a swimming pool for under £1 million. None of those could be classed as normal family homes. They are, in the main, homes that have been inherited—[*Interruption.*] Very few people will have just picked up these homes.

The other thing that the Conservatives said in their manifesto was, essentially, "You have worked hard for your money; we would like you to keep it." The vast majority of the homes in question will not be first-generation owned. They will have been sold by the second or third generation because they have been owned by the family for a long time. They are not, by any stretch of the imagination, normal family homes. Even in the centre of Edinburgh someone could manage to get an eight-bedroom, detached, very large house for £1 million, and that is the most expensive place in Scotland to buy a home.

The problem—this applies to a huge amount of the Conservative manifesto—is that the Conservatives think that what happens in the south-east of England is normal for the rest of the UK. It is not normal for the rest of the UK. I know that the south-east is where the majority of the population are based, but some thought needs to be given to this. Members will expect me to say this as a Scottish National party politician who supports independence, but if decisions were made closer to home, they would be more appropriate for people in Scotland.

Mark Field: I appreciate that my constituency is hardly typical as far as these matters are concerned—nor, indeed, is the Minister's constituency on the other side of the river—but the logic of what the hon. Lady is saying is that we should move towards a regionalised tax system. I guess that she would quite like it to be a nationalised system, with the nation beginning on the other side of Hadrian's Wall, but does she not recognise that the Barnett formula gives particular incentives to the nations of the United Kingdom, rather than to London and the south-east? I can understand the irritation that she feels about the fact that perhaps too much thinking is done for London and the south-east, but £1 million buys virtually nothing not only in my constituency but in many of the 73 constituencies in London, as well as those in the home counties. Short of regionalising our tax system, surely this is, at least, a sensible step forward to ensuring that those who have been able to bring up a family in a home are not forced to sell the home when a relative dies.

Kirsty Blackman: The right hon. Gentleman makes a good point. Perhaps we need to think about having differential policies across the UK, and possibly further devolution. That would be fantastic, and if he wants to support us in that cause, he is welcome to join us at any time.

This policy highlights a major difference between the south-east of England and the rest of the UK. The problem with Government being so far from people who are outside London is that policies are made for the benefit of the majority of the population—the people who live around here. That is really unfortunate for people in the north of England and in Wales, because the policies made by the national Government do not make sense for us.

Mark Field: Will the hon. Lady give way?

Kirsty Blackman: I will not take another intervention; I am sorry. I just want to mention briefly the Prime Minister's statement that she will take "bold action" on tax. We have a big problem—we will still have a big problem after the changes that will be made by the Finance Bill, including the tax changes that we discussed yesterday—with the lack of parity and fairness in tax. Nurses, carers and people who work in all sorts of professions pay 20% tax. I acknowledge that the personal allowance has been raised, and that is very much appreciated, but those people pay the tax that is due on the majority of their income.

There are still too many loopholes in the rest of the system. I understand the point that was made about carried interest, and we need to see how that works

going forward. I would love to see the Government's working on that, and whether the policy has the effects that the Government intend. However, unearned income is still taxed at different rates from earned income. I understand the point that was made about private equity supporting our economy and supporting some of our community organisations, for example. However, the people in question are not paying the level of tax that they should be paying to the Government, so the Government do not have the funds to disburse that they should have to disburse.

We need to do something a bit more radical than tinkering around the edges. We need to look at making changes that actually bring about parity. We need to look at ensuring that the people who are making the megabucks in the City of London pay at least as much tax, and as high a percentage of tax, as our nurses and carers pay.

Mark Field: I will speak briefly in favour of amendment 151 on carried interest. In my time as a Member of Parliament, I have sometimes been critical of elements of the tax regime that applies in the private equity and venture capital world. It seems to me that the generous tax regime, although it has been justified to support entrepreneurs, has often been misused by those in the industry—inadvertently; I am not suggesting that anything untoward or nefarious has taken place. I believe that many in the private equity field have, particularly in good times, in effect been financiers rather than risk takers. As such, it would surely be more equitable for their rewards to be treated more like income than capital gains. That has been at the heart of the whole debate about carried interest.

The Government have been aware of this issue. Let us give them some credit for that. To some extent, we are trying to play catch-up on it. Inevitably, there has been controversy about the treatment of private equity firms' carried interest, which is levied as a capital gain, rather than as income. There was a time—pre-2010—when the difference between those two things was rather greater than it is today. That may be because capital gains tax has been raised, but the starkness of the problem is to some extent less pronounced now than it was during the time of the last Labour Administration in the noughties.

It is clear that the Treasury is doing the right thing in trying to provide a more favourable regime that is intended to reward genuine entrepreneurs. In principle, that must mean that where carried interest looks like income, it should be treated as such for taxation purposes. That is what we are slowly doing with amendment 151.

Rob Marris (Wolverhampton South West) (Lab): Has the OECD not recommended that all carried interest should be treated as income?

Mark Field: It has, but there is a distinction between different elements of carried interest, and we are trying to get to the bottom of that. To be brutally honest, in the longer term I would be much happier to have a regime in which we treated capital gains and income identically. There would not then be any sense in trying to arbitrage one way or the other. In many ways, perhaps inadvertently, the coalition began to move in that direction.

[Mark Field]

I am sorry that I was not in the Chamber to hear the whole speech of my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak), but he is absolutely right. Private equity has had a bad rap because of certain high-profile concerns—partly because of the misuse of tax to allow huge amounts of debt on to balance sheets—but a large number of businesses in each and every one of our 650 constituencies in the UK benefit from having private equity investors. Many jobs now exist because of the private equity investment that has come into play, particularly in growing businesses that will make a real difference in the future. The Government have broadly got this right, although I am sure we will have to come back and look at it again.

I would make one point to the hon. Member for Aberdeen North (Kirsty Blackman). It is not about inheritance tax—we have had our joust on that—but on a more fundamental point, on which I think she is absolutely right: the more complicated a tax code, the more the door is open to tax avoidance of all descriptions. We very urgently need to begin to simplify our tax code. We will add yet more pages to it today. A lot of them are to apply Elastoplast in ways that we can all support for individual reasons, but we need to get back to the principles of a much simpler tax system.

I believe that one of the impacts of leaving the European Union will be not a race to the bottom in lowering tax, but a much simpler tax system. This is a wake-up call for all of us in the House—obviously, particularly for those in the Treasury—to have a much simpler tax code. Such a code will be readily understandable and supported by all our constituents, which is one of the issues we face. It will also say to those bringing in much of the inward investment that will come to the UK from across the globe that we have a simple tax code, which will not be tinkered with in successive Finance Bills because it is very straightforward, and they will be able to work on that basis. I know that may be wishful thinking—going back many years, most Chancellors have talked about having a simpler tax code—but this now needs to be looked at urgently. Urgent attention must be paid to getting simplicity. If we do not do so, we will all very much pay the price.

Rob Marris: I entirely echo the right hon. Gentleman's comments about simplification. I may attempt to catch your eye, Madam Deputy Speaker, to address the House on that issue later. However, I caution him against linking that to Brexit, because almost all the complications, of which there are many in what we now call the tax code, are due to domestic legislation and are nothing to do with the European Union. Brexit may afford us an opportunity to start at the bottom on various areas of Government policy and endeavour, but leaving the EU will not provide such an opportunity in this case.

1.45 pm

Mark Field: Obviously, the hon. Gentleman does not know me, or indeed the Minister, well enough to know that we are both very much on the pro-European wing of our party. I was not in any way blaming the EU. I was simply trying to make the point that, in looking to get a new set of trade arrangements with dozens of

countries across the globe, we should not rush headlong into making lower corporation tax the incentive for companies. One of the big factors for them will be the sense that there is a simpler and more straightforward tax code in the United Kingdom, and that will make us open for business in the way that we have traditionally been open for business during the past 200 to 300 years.

The Floor of the House of Commons is not the place on which to make such a policy, but I very much hope that we will keep this very firmly in mind. There is now an urgent case for having a more straightforward tax system, even if it is one that only says what we are aiming to achieve. It will obviously be difficult to unravel tax benefits created in the past. I accept that it will be difficult to unravel all the reliefs, not least because entrepreneurs in the future, like those in the past, will want to rely on them in making investment decisions.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): The right hon. Gentleman is making some very important points about simplification and its impact in ensuring that measures work in the way intended. Does he agree that simplification and clarification of the objectives of reliefs would go a long way to making sure that small enterprises or first-time entrepreneurs could understand and gain greater access to the available reliefs, which may be intended for them but are perhaps used by others with greater experience?

Mark Field: I am sure there is a lot of truth in that. I was a businessman before I entered the House. It was a relatively straightforward business, based in the City of London, in the service industry, so there were not a huge number of reliefs available, although it may well be that 20 years of additional pages of the tax code have made it even more bloody complicated than it was for those working in and setting up businesses in the 1990s. I agree with the hon. Lady. Again, getting rid of reliefs and making the system more straightforward is the right way forward. Rather than having a whole lot of reliefs to recommend to would-be entrepreneurs, let us try to cut down the whole thicket.

Madam Deputy Speaker, I have spoken for long enough. I almost veered off the subject, but had I done so, I am sure you would have been the first to stand up and say so. I very much hope that amendment 151, among others, will be supported. It is definitely a move in the right direction, although I am sure we will have to come back to the issue of carried interest in the future.

Seema Malhotra: I am grateful for the opportunity to speak in this debate, which was opened by my hon. Friend the Member for Salford and Eccles (Rebecca Long Bailey), on the new clause and amendments relating to capital gains tax. I will speak particularly about new clause 14, on “Entrepreneur’s Relief: value for money”, amendment 174, which would remove the capital gains tax cut, and amendments 175 and 176 on the investors’ relief sunset clause. Labour’s main issue of contention with the Government is the reduction of capital gains tax, the reasons for which have been well outlined. I want to highlight the very serious issue of value for money in public finances, and to continue to make our call for the Government to look at the way in which we scrutinise and review tax reliefs.

As we have argued since the Budget, the Finance Bill is inadequate if we are to rise to the challenges we face and to work towards a very strong economy in which we can all feel and believe that prosperity is shared by all. At a very tough time for the public finances, the Government have chosen to prioritise a corporation tax cut and a capital gains tax cut. Certainly while working on the Finance Bill, including as shadow Chief Secretary, I have had several conversations with business figures who quite openly said that they did not necessarily expect a corporation tax cut while other issues that are so important for their business success—investment in skills, housing, infrastructure and superfast broadband, and ensuring that we get the productivity shifts this country so desperately needs—require great attention. To purport that there is a simplistic link between a capital gains tax cut and a strong enterprise and investment culture is therefore not very honest, because it has not been proven that the cut is either necessary or sufficient to achieve that outcome, which we do indeed want.

Let us not forget that at the last Budget, the OBR took all the Chancellor's measures into account and still downgraded the business investment forecasts. The latest figures from the Office for National Statistics estimate that business investment decreased by 0.8% between the second quarter of 2015 and the second quarter of 2016. Therefore, it continues to be a concern that the Government's economic strategy does not take into account the wider needs of businesses beyond tax cuts.

It is the context of squeezed public services and lack of investment that leads me to raise the issue of tax reliefs, particularly those pertaining to capital gains tax, and the way in which we understand the needs of businesses. Tax reliefs are an important part of our tax system and have been needed for a variety of reasons, many of them extremely valid. However, after six years of this Government's failure on the economy, in so many ways, with many people feeling the brunt of the cuts and with our public services under considerable strain, every penny of public spending should be going on much needed investment in our schools and hospitals and on supporting the most vulnerable. The figures got even worse this summer, with more than a third of children leaving school without the equivalent of five good GCSEs, and schools in my constituency tell me that they are giving out money every day to help parents buy school uniforms and shoes. We therefore need to justify every penny that is spent by the Exchequer.

That also has to apply to every penny that is not collected. Tax reliefs are effectively tax forgone. I firmly believe that we need to apply just as much scrutiny to relief as we do to expenditure. That is not to say that I am opposed to tax reliefs to incentivise good and positive business behaviours—far from it. For me, providing behavioural incentives to achieve economic and social goals is a central part of the role of Government, but they must use effective judgment that is based on the interests of fairness and prosperity. A Government who are working in strategic partnership with business and industry in the interests of the economy and society will actively consider such measures.

However, there is a serious paucity of scrutiny of whether and to what extent various tax reliefs are achieving those goals and whether they remain value for money for the taxpayer. The HMRC website lists

405 tax reliefs in the UK, but in reality there are many more. The Office of Tax Simplification has identified 1,140 tax reliefs. Of the 405 tax reliefs listed by HMRC, 102 cost more than £50 million, 84 cost under £50 million and there are 219 for which HMRC does not provide cost data.

Rob Marris: Does my hon. Friend agree that of all those reliefs, the biggest scandal is tax relief on pension contributions, which costs more than £30 billion a year in forgone revenue and principally goes to the most well-off? For years, the Department for Work and Pensions has had no evidence that that tax relief produces a change in behaviour that results in more people making pension contributions. We are, in effect, handing out a lot of money mostly, but not entirely, to a lot of rich people to get them to do something, when there is no evidence that it does so.

Seema Malhotra: My hon. Friend makes an important point. The conundrum of how we fund, finance and incentivise pension savings needs to be thought about much more holistically. He highlights an example of incentives that reach not the majority, but a minority. We must keep that under review.

The Public Accounts Committee took forward the work of the National Audit Office on these issues and took evidence. Its report found that some reliefs

“costing some £100 billion a year, are designed to deliver a policy objective that could be met instead through spending programmes”, which would be more rigorous and more auditable. The report states that

“HM Treasury and...HMRC do not keep track of those tax reliefs intended to influence behaviour. They do not adequately report to Parliament or the public on whether reliefs are working as intended and what they cost and whether they represent good value for money.”

Nothing has really changed since the report was published last year. That is why Labour continues to raise this issue during the passage of the Finance Bill.

We need to question the efficacy of tax reliefs such as capital gains tax relief and entrepreneurs' qualifying business disposals, or entrepreneurs' relief. There are clear reasons for entrepreneurs' relief and it can be argued that it incentivises investment, but does it make a great enough difference to be worth £3 billion a year to the Exchequer? I do not claim to have all the answers, but we do need evidence to prove that it makes that difference and the Government need to be challenged to justify this and other reliefs.

In Committee of the whole House, the then Financial Secretary to the Treasury defended entrepreneurs' relief and, as usual, did so without evidence, saying:

“of course, as with all tax reliefs, it is entirely appropriate that the Government keep it under review to ensure that it is well targeted and not open to abuse”.—[*Official Report*, 28 June 2016; Vol. 612, c. 245.]

I challenge the Government to say when they will do that. New clause 14 would make the Government and all of us turn those warm words into action.

Furthermore, the Finance Bill introduces a new relief, investors' relief, which extends the low rate of capital gains tax to investors in an unlimited trading company for at least three years. In principle, I support the idea of a relief that is intended to incentivise investment and to support access to capital for businesses, particularly at

[Seema Malhotra]

an early stage in a business's life cycle, if we can provide evidence that it will help turn those with initial ideas into the successful job creators and innovators of the future. That is extremely important in creating the economy of the future, with all the opportunities that new technology and other initiatives can bring.

However, it concerns me that this could end up being yet another tax relief that is introduced for a good reason, but then left to mushroom into a relief that is extremely expensive and difficult to remove. We need a mechanism to ensure that there is time to review whether it is achieving the desired effect, whether the costs are aligned to those that are forecast and whether it constitutes value for money. For that reason, I support the sunset clause for the relief in Labour's amendment 176, which would ensure that after a number of years, when we have the evidence on which to base our conclusions, those questions will not go unanswered.

I call on the House and the new Treasury Ministers to take seriously our scrutiny of tax reliefs and to support the Opposition amendments, which would put in place proper mechanisms for reviewing the reliefs and ensure that they remain targeted at supporting businesses, while showing evidence of value for money.

The Financial Secretary to the Treasury (Jane Ellison):

I will start by outlining the Government amendments in the group before responding to some of the points that have been made by hon. Members in what has been a thoughtful debate. As a new Treasury Minister, I have found a number of the speeches good food for thought as I look forward to a series of meetings into the autumn.

On Government amendments 149 to 151, the Finance Bill provides an incentive for people to invest in companies by reducing the main rates of capital gains tax from 18% to 10% and 28% to 20% on most gains made by individuals, trustees and personal representatives. We announced at the Budget that the 28% and 18% rates would continue to apply for carried interest. That is justified by the fact that carried interest is a performance-related award that is hybrid in nature, with characteristics that distinguish it from most other types of capital gain, as was alluded to by some hon. Members. We recently learned that it is possible to create an investment fund structure generating carried interest that, under clause 82 as it stands, would be taxed at 20% or 10%. That would clearly be unfair and contrary to policy. The amendments therefore ensure that the continuing 28% and 18% rates apply to all forms of carried interest.

2 pm

I welcome the support of my hon. Friend the Member for Richmond (Yorks) (Rishi Sunak) for the general approach that we are taking in a number of measures in the Bill and in particular for his comments on this matter and the knowledge of it that he brings to the House. I also welcome the support of the Opposition Front-Bench team for the amendments, which we feel strike a sensible balance.

Labour's amendment 174 would delete clause 82 in its entirety. The lower rates of capital gains tax introduced by the clause make it more attractive for people to invest in companies, helping those companies access the

capital they need to grow and create jobs. The changes are part of this Government's efforts to ensure that our tax system is competitive—never more important than now, as we head into a new future outside the EU—and encourages investment, which will help drive our economy forward into that new future. At 28%, our higher rate of capital gains tax was among the highest in the developed world. We do not want high tax rates to deter investment.

Rob Marris: The Minister says that the measures will drive investment. What evidence is there for that?

Jane Ellison: That point has been made repeatedly. Contributions from those critical of the policy often miss the way in which measures interact. We are trying to create a climate that encourages investment. A number of international studies have indicated that low rates of CGT support equity investment in firms and promote higher-quality investment in start-ups. That is an important source of innovation and growth. The evidence is there. The measures are part of a package that is trying to create a climate that makes our country attractive to invest in and enables domestic investors to invest in company growth. At the same time, as we have stressed and as other measures in the Bill stress, taxes must be fair and must be paid; the hon. Gentleman took part in a good debate last night about some of those measures.

A number of external bodies have expressed support for clause 82—that also goes to the hon. Gentleman's point. The CBI and the Institute of Economic Affairs have both welcomed the cuts as a means of encouraging entrepreneurship and growth, and, as I have said, there is a body of evidence, not least internationally, to indicate that lower rates support equity investment in firms and promote higher-quality investment in start-ups. Again, I welcome the support of an international perspective given by my hon. Friend the Member for Richmond (Yorks) on this subject.

The changes made by clause 82 are about encouraging investment where we want businesses to expand. As I have said, they are very much a part of a general pro-business agenda, but we have also been clear that we want fair and competitive taxes and that taxes must be paid. We addressed that in a good debate last night, when there was a good degree of cross-party consensus.

The hon. Member for Salford and Eccles (Rebecca Long Bailey) mentioned the geographical distribution of the CGT cut. HMRC publishes national statistics on CGT each year that include a breakdown of its payers by geographical distribution, so there is transparency on that. It is also worth saying that it has been estimated that up to 130,000 individuals will pay lower taxes as a direct result of these changes to CGT, including 50,000 basic rate taxpayers.

The hon. Member for Feltham and Heston (Seema Malhotra) made a typically thoughtful speech, not just on CGT but on her general thoughts on tax reliefs and how we review them, as well as on tax simplification. Again, I felt that she did not perhaps entirely address the interaction between the various measures—they cannot be seen in isolation. The other issues she mentioned are hugely important; for example, the investment in skills, but I did not think she was fair about what the Government have done on that agenda, which has resulted in record levels of apprenticeships. She is right

to say that there are other issues such as that one, but these measures are part of a general package and are not the whole picture.

Amendments 175 and 176 were also tabled by the Opposition. In the 2016 Budget we announced the introduction of investors' relief, benefiting long-term investors in unlisted companies. As has been explained, the amendments seek to end that new relief after a period of six years, with the option of an additional 12-month extension if agreed by both Houses, and ask the Chancellor to lay a review of the operation of the relief before both Houses.

The amendments are unnecessary as the Government keep all tax policy under review in line with normal tax policy making practice. The hon. Member for Aberdeen North (Kirsty Blackman) again, I thought, did not really give credit to the interaction of different measures nor to the wider point that, given that the Government are bringing the measures forward to stimulate economic growth, there is absolutely no incentive for us not to keep a very close eye on them and review them at regular intervals. We do so all the time because we want measures to work—we want our measures to stimulate economic activity, and we do not in any way want them not to work. Indeed, there are a number of measures in the Bill to correct things that have been done in the past, where we feel that an improvement could make something work better.

We feel that there would be limited merit in conducting a review within six years as the first data on the uptake of the relief in its first year of operation will not be available to HMRC until 2021. Amendments 175 and 176 are neither needed nor useful, and we ask the Opposition not to press them to a vote.

New clause 14, again tabled by the Opposition, proposes that the Chancellor publish, within six months of the passing of the Bill, a report of the Treasury's assessment of the value for money provided by entrepreneurs' relief. As I have just said, the Government keep all tax policy under review because we want it to do what we have set out as the intention behind it, namely to stimulate economic activity and to make investment in business attractive to people. That review includes entrepreneurs' relief, as demonstrated by recent action taken to ensure that the relief is effective, well targeted and not open to abuse. We will continue to act, where appropriate.

My predecessor as Financial Secretary has already informed the House of this, but it is worth reiterating, as it is germane to this point, that HMRC officials have commissioned an in-depth survey of taxpayers' reasons for using entrepreneurs' relief and its effects on behaviour. We expect the results of that survey, which will be published at some point in 2017, to inform future changes to the relief. I hope that that gives Members some comfort that the relief is being looked at very closely.

In our wider debate, some general points were made about the Budget being tilted towards the south-east of England. A number of points could be made in rebuttal, not least the debate we had last night, which touched on support for the oil and gas sector in Scotland. More generally, some interesting points were made about having a simpler tax system. In the next part of our debate on the Bill, there will be an opportunity to discuss the Office of Tax Simplification, but as this

point came up during the current debate it is worth noting that the Bill puts the OTS on a statutory footing. Around half of the OTS's 400 or so recommendations to date have already been taken on board. I again take on board the point made by my right hon. Friend the Member for Cities of London and Westminster (Mark Field). I feel sure that this a topic that we will return to over the coming months and years.

I thank all Members who have spoken in the debate.

Rebecca Long Bailey: I beg to ask leave to withdraw the clause.

Clause, by leave, withdrawn.

Clause 82

REDUCTION IN RATE OF CAPITAL GAINS TAX

Amendment proposed: 174, page 167, line 40, leave out clause 82.—(*Rebecca Long Bailey.*)

The House divided: Ayes 236, Noes 291.

Division No. 58]

[2.9 pm

AYES

Abbott, Ms Diane	Creagh, Mary
Abrahams, Debbie	Creasy, Stella
Ahmed-Sheikh, Ms Tasmina	Cruddas, Jon
Allin-Khan, Dr Rosena	Cryer, John
Anderson, Mr David	Cummins, Judith
Arkless, Richard	Cunningham, Alex
Ashworth, Jonathan	Cunningham, Mr Jim
Bailey, Mr Adrian	Dakin, Nic
Bardell, Hannah	Danczuk, Simon
Barron, rh Kevin	David, Wayne
Beckett, rh Margaret	Davies, Geraint
Benn, rh Hilary	Day, Martyn
Black, Mhairi	De Piero, Gloria
Blackford, Ian	Debbonaire, Thangam
Blackman, Kirsty	Docherty-Hughes, Martin
Blackman-Woods, Dr Roberta	Donaldson, Stuart Blair
Blenkinsop, Tom	Dowd, Peter
Blomfield, Paul	Dromey, Jack
Boswell, Philip	Durkan, Mark
Bradshaw, rh Mr Ben	Eagle, Ms Angela
Brake, rh Tom	Eagle, Maria
Brennan, Kevin	Edwards, Jonathan
Brock, Deidre	Efford, Clive
Brown, Alan	Elliott, Julie
Brown, rh Mr Nicholas	Ellman, Mrs Louise
Bryant, Chris	Elmore, Chris
Buck, Ms Karen	Evans, Chris
Burden, Richard	Farrelly, Paul
Burgon, Richard	Fellows, Marion
Burnham, rh Andy	Ferrier, Margaret
Butler, Dawn	Field, rh Frank
Byrne, rh Liam	Fitzpatrick, Jim
Cadbury, Ruth	Fletcher, Colleen
Campbell, Mr Ronnie	Fovargue, Yvonne
Carmichael, rh Mr Alistair	Furniss, Gill
Champion, Sarah	Gapes, Mike
Chapman, Douglas	Gardiner, Barry
Chapman, Jenny	Gethins, Stephen
Cherry, Joanna	Gibson, Patricia
Clwyd, rh Ann	Glass, Pat
Coaker, Vernon	Glindon, Mary
Coffey, Ann	Godsiff, Mr Roger
Cooper, rh Yvette	Goodman, Helen
Cowan, Ronnie	Grady, Patrick
Crawley, Angela	Grant, Peter

Green, Kate
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harris, Carolyn
 Hayes, Helen
 Hayman, Sue
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McMahan, Jim
 Meale, Sir Alan

Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Jeff
 Smith, Nick
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Williams, Hywel
 Williams, Mr Mark

Wilson, Phil
 Winnick, Mr David
 Wishart, Pete

 Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, rh Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, rh Alun
 Cameron, rh Mr David
 Campbell, Mr Gregory
 Carmichael, Neil
 Carswell, Mr Douglas
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Choqe, Mr Christopher
 Churchill, Jo
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Davis, rh Mr David
 Dinenege, Caroline
 Djanogly, Mr Jonathan

Tellers for the Ayes:
Vicky Foxcroft and
Mr Alan Campbell

NOES

Dodds, rh Mr Nigel
 Donelan, Michelle
 Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Elliott, Tom
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hermon, Lady

Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kinahan, Danny
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Morgan, rh Nicky
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David

Offord, Dr Matthew
 Opperman, Guy
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles

Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig

Wiggin, Bill
 Williams, Craig
 Wilson, Mr Rob
 Wood, Mike
 Wragg, William
 Zahawi, Nadhim

Tellers for the Noes:
Steve Brine and
Andrew Griffiths

Question accordingly negated.

Clause 82

REDUCTION IN RATE OF CAPITAL GAINS TAX

Amendments made: 149, page 167, line 42, leave out “(11)” and insert “(11A)”.

Amendment 150, page 168, leave out line 14 and insert—

“(c) carried interest gains (see subsections (12) and (13)).”

Amendment 151, page 169, line 4, at end insert—

“(11A) After subsection (11) insert—

(12) In subsection (2A)(c) “carried interest gains” means—

- (a) gains treated as accruing under section 103KA(2) or (3), and
- (b) gains accruing to an individual as a result of carried interest arising to the individual where—
 - (i) the individual performs investment management services directly or indirectly in respect of an investment scheme under arrangements not involving a partnership,
 - (ii) the carried interest arises to the individual under the arrangements, and
 - (iii) the carried interest does not constitute a co-investment repayment or return.

(13) For the purposes of subsection (12)(b)—

- (a) “carried interest”, in relation to any arrangements, has the same meaning as in section 809EZB of ITA 2007 (see sections 809EZC and 809EZD of that Act);
- (b) carried interest “arises” to an individual if it arises to him or her for the purposes of Chapter 5E of Part 13 of ITA 2007;
- (c) “arrangements”, “investment management services” and “investment scheme” have the same meanings as in that Chapter (see sections 809EZA(6) and 809EZE of that Act);
- (d) “co-investment repayment or return” has the same meaning as in section 103KA.”—(*Jane Ellison.*)

New Clause 9

TAX TREATMENT OF SUPPLEMENTARY WELFARE PAYMENTS: NORTHERN IRELAND

“(1) In this section “supplementary welfare payment” means a payment made under regulations under—

- (a) Article 135(1)(a) of the Welfare Reform (Northern Ireland) Order 2015 (S.I. 2015/2006 (N.I. 1)) (“the Order”) (discretionary support),
- (b) Article 137 of the Order (payments to persons suffering financial disadvantage), or
- (c) any provision (including future provision) of the Order which enables provision to be made for payments to persons who suffer financial disadvantage as a result of relevant housing benefit changes.

(2) In subsection (1)(c) “relevant housing benefit changes” means changes to social security benefits consisting of or including changes contained in the Housing Benefit (Amendment) Regulations (Northern Ireland) 2016 (S.R. (N.I.) 2016 No. 258).

(3) The Treasury may by regulations amend any provision of Chapters 1 to 5 of Part 10 of ITEPA 2003 so as to—

- (a) provide that no liability to income tax arises on supplementary welfare payments of a specified description;
- (b) impose a charge to income tax under Part 10 of ITEPA 2003 on payments of a specified description made under regulations under Article 137 of the Order (payments to persons suffering financial disadvantage).

(4) The regulations may make—

- (a) different provision for different cases;
- (b) incidental or supplementary provision;
- (c) consequential provision (which may include provision amending any provision made by or under the Income Tax Acts).

(5) Regulations made before 6 April 2017 may, so far as relating to the tax year 2016-17, have effect in relation to times before they are made.

(6) Regulations under this section are to be made by statutory instrument.

(7) A statutory instrument containing regulations under this section is subject to annulment in pursuance of a resolution of the House of Commons.

(8) In section 655(2) of ITEPA 2003 (other provisions about the taxation of social security payments) after the entry relating to section 782 of ITTOIA 2005 insert “;

section (Tax treatment of supplementary welfare payments: Northern Ireland) of FA 2016 (tax treatment of supplementary welfare payments: Northern Ireland).”

Brought up, and read the First time.

Jane Ellison: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Mrs Eleanor Laing): With this it will be convenient to discuss the following:

New Clause 2

REVIEW OF THE IMPACT OF THE DUTY REGIME FOR HIGH-STRENGTH CIDER

‘(1) The Chancellor of the Exchequer must carry out a review of the impact of the rate of duty charged on sparkling cider of a strength exceeding 5.5%, and lay the report of the review before both Houses of Parliament within 12 months of this Act receiving Royal Assent.

(2) The review must address (though need not be limited to) the impact of the duty regime on tax revenues and on the consumption of alcohol.’

New Clause 3

REVIEW OF THE OPERATION OF THE TRANSFERABLE TAX ALLOWANCE FOR MARRIED COUPLES AND CIVIL PARTNERS

‘(1) The Chancellor of the Exchequer must carry out a review of the operation of the transferable tax allowance for married couples and civil partners under Chapter 3A of Part 3 of the Income Tax Act 2007 and lay the report of the review before both Houses of Parliament within 12 months of this Act receiving Royal Assent.

- (2) The review must address (though need not be limited to)—
- (a) levels of take-up of the allowance;
 - (b) the impact of the allowance on individuals with children aged five years or under;
 - (c) the impact of the allowance on low-income households; and
 - (d) ways in which the allowance could be changed to target low-income families with young children.’

New Clause 6

VAT TREATMENT OF THE SCOTTISH POLICE AUTHORITY AND THE SCOTTISH FIRE AND RESCUE SERVICE

The Chancellor of the Exchequer must commission a review of the VAT treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service, including but not limited to an analysis of the impact on the financial position of Police Scotland and the Scottish Fire and Rescue Service arising from their VAT treatment and an estimate of the change to their financial position were they eligible for a refund of VAT under section 33 of the VAT Act 1994, and must publish the report of the review within six months of the passing of this Act.’

New Clause 8

REVIEW OF CHANGES TO TAX ON DIVIDEND INCOME

‘(1) The Chancellor of the Exchequer must commission a review of how the changes to the tax on dividend income implemented by this Act affect directors of micro-business companies, to include—

- (a) the impacts across the distribution of such directors’ net income;
- (b) the impact on company failure rates; and
- (c) options for amending the law to minimise the impact on such directors who are on low incomes.

(2) The Chancellor must lay a report of the review before both Houses of Parliament within six months of the passing of this Act.’

New Clause 15

VAT ON INSTALLATION OF ENERGY SAVING MATERIALS

‘(1) No order shall be made under the Value Added Tax Act 1994 which would have the effect of raising the rate of VAT on installation of energy saving materials, or any individual category thereof.

(2) No order shall be made under the Value Added Tax Act 1994 to vary Schedule 7A of that Act by deleting or varying any description of supply within Group 2 (Installation of Energy Saving Materials).

(3) “Installation of energy saving materials” has the meaning given in Schedule 7A of the Value Added Tax Act 1994.’

New Clause 16

REVIEW OF IMPACT OF TAX MEASURES ON INTERGENERATIONAL FAIRNESS

‘(1) Within six months of the passage of this Act the Secretary of State must lay before Parliament a report assessing the impact of —

- (a) Sections 1 to 3,
- (b) Sections 19 to 22,
- (c) Section 82,
- (d) Sections 92 to 96, and
- (e) Section 140

on the burden of taxation by age demographic.

(2) A report under this section must include an analysis of the proportion of taxation paid by working age people under the age of 35.”

New Clause 18

IMPACT OF SECTION 24 OF FINANCE (NO 2) ACT 2015 ON AVAILABILITY OF AFFORDABLE HOUSING

The Chancellor of the Exchequer must commission a review of the impact of changes relating to income tax made by Section 24 of the Finance Act 2015 on the availability of affordable housing, and lay the report of the review before both Houses of Parliament within six months of the passing of this Act.”

New Clause 19

DISTRIBUTIONAL ANALYSIS OF THE IMPACT OF TAXATION MEASURES

“(1) The Chancellor of the Exchequer must review the impact of the measures introduced by this Act on households at different levels of income, and lay before each House of Parliament the report of that review within six months of this Act coming into force.

(2) The Chancellor of the Exchequer must review the impact of government fiscal measures on households at different levels of income at least once in each calendar year, and lay before each House of Parliament a report on each review.”

Government amendments 132 to 134, 146 to 148 and 135.

Amendment 179, clause 99, page 185, line 20, at end insert—

“(c) “earning” do not include any amounts that constitute qualifying bonus payments within the meaning of section 312B of the Income Tax (Earnings and Pensions) Act 2003.”

Government amendment 138.

Amendment 141, schedule 3, page 337, line 1, at end insert—

“Provision for small amounts of partnership share money repayable to employees to be exempt from tax if instead applied charitably

10 In section 503 of ITEPA 2003 (charge on partnership share money paid over to employee), after “paragraph 55(3) (partnership share money paid over on withdrawal from partnership share agreement),” insert—

“paragraph 55(3A)(a) or (b)(i) (partnership share money paid over on withdrawal from partnership share agreement),”

11 (1) In Schedule 2 to ITEPA 2003 (share incentive plans), Part 6 (partnership shares) is amended as follows.

(2) In paragraph 55 (withdrawal from partnership share agreement)—

(a) in sub-paragraph (3) after “as soon as practicable” insert—

“, unless the plan includes provision authorised by sub-paragraph (3A)”

(b) after sub-paragraph (3) insert—

“(3A) The plan may provide that, where an employee withdraws from a partnership share agreement—

(a) if the employee does not agree to an arrangement in accordance with sub-paragraph (b), any partnership share money held on behalf of the employee is to be paid over to the employee as soon as practicable, and

(b) with the employee’s agreement—

(i) if the partnership share money held on behalf of the employee exceeds a threshold amount of not more than £ 10 specified in the plan, the full amount must be paid over to the employee as soon as practicable, and

(ii) if the partnership share money held on behalf of the employee is equal to or less than the threshold amount referred to in sub-paragraph (b)(i), as soon as reasonably practicable, the full amount must either—

(3B) Partnership share money paid over to a charity or accumulated for that purpose under sub-paragraph (3A)(b) shall not count as employment income by reason of section 503.

(3C) While the plan includes any provision authorised by sub-paragraph (3A), the company and trustees shall make available to participants and qualifying employees at least annually an account of the total amount of partnership share money that would have been returned to employees were it not for that provision and of the related charitable donations made.

(3D) The Treasury may by order amend sub-paragraph (3A)(b)(i) by substituting for any amount for the time being specified there an amount specified in the order.””

Government amendment 139.

Amendment 180, schedule 25, page 642, line 2, at end insert—

“(4A) The Chancellor of the Exchequer may not appoint the Chair of the OTS without the consent of the Treasury Committee of the House of Commons.

(4B) The Chancellor of the Exchequer may not appoint the Tax Director of the OTS without the consent of the Treasury Committee of the House of Commons.”

Amendment 181, page 642, line 40, at end insert—

“(2A) The Chancellor of the Exchequer may not terminate the appointment of the Chair of the OTS without the consent of the Treasury Committee of the House of Commons.

(2B) The Chancellor of the Exchequer may not terminate the appointment of the Tax Director of the OTS without the consent of the Treasury Committee of the House of Commons.”

Amendment 182, page 643, line 3, at end insert—

“References to Treasury Committee

5A (1) Any reference in this Schedule to the Treasury Committee of the House of Commons—

(a) if the name of that Committee is changed, is to be treated as a reference to that Committee by its new name, and

(b) if the functions of that Committee (or substantially corresponding functions) become functions of a different Committee of the House of Commons, is to be treated as a reference to the Committee by which those functions are exercisable.

(2) Any question arising under sub-paragraph (1) is to be determined by the Speaker of the House of Commons.”

Jane Ellison: In this final debate, there is an array of amendments and new clauses to consider across a wide range of subjects. I am sure that we will cover a great deal of ground.

Let me first outline briefly the Government amendments, starting with Government new clause 9. To ensure fairness in the tax system, new clause 9 allows for the exemption from income tax of supplementary benefit payments funded by the Northern Ireland Executive. Government amendments 132 to 134 deal with disguised remuneration and Government amendment 139 deals with aqua methanol. Amendments 132 to 134 change the date for withdrawing a relief on returns arising from disguised remuneration for those who have not settled tax due to 1 April 2017, while amendment 139 changes the date on which the new aqua methanol duty rate comes into force to 14 November.

[Jane Ellison]

Government amendments 135, 146 to 148 and 138 concern venture capital trusts, the lifetime allowance and dividends respectively. They make changes to ensure that these policies work as intended.

Let me deal with the new clauses and amendments tabled by the Opposition. New clause 15, tabled by the hon. Member for Salford and Eccles (Rebecca Long Bailey) and her colleagues is designed to prevent the use of secondary legislation to alter the rate of VAT applied to the installation of energy-saving materials. Since 2001, the UK has applied the 5% reduced rate of VAT to the installation of 11 different types of energy-saving materials. That reduced rate remains in place and is unchanged. The European Court of Justice ruled last year that the UK had interpreted VAT law too broadly. Following that judgment, the Government published a consultation on this particularly complex issue, and we are considering the responses. While this new clause is designed to prevent the use of secondary legislation to alter the rate of VAT applied to the installation of energy-saving materials, the tax lock legislated for by this Government already achieves the same effect. Indeed, it goes further.

John Redwood (Wokingham) (Con): Will the Minister confirm that, now we are leaving the EU, we would have no intention of raising VAT to that rate? I hope that we will scrap it altogether.

Jane Ellison: As the Secretary of State for Exiting the EU said yesterday in his responses to the lengthy statement, those are all matters that will be looked at. He confirmed that he is indeed looking at it, as is the Treasury.

We feel that the tax lock goes further by preventing the use of secondary legislation to vary the scope of any reduced or zero rate. In effect, the new clause would serve no purpose except to duplicate existing legislation.

New clause 3 on the marriage allowance would place a legal requirement on the Government to carry out a review. Although I am sympathetic and have discussed the concerns of my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) and others who support the new clause, I hope to be able to show that such a report is unnecessary and to address some of these concerns.

Let me reiterate that the Government remain committed to recognising marriage in the tax system and to ensuring that the marriage allowance is delivered successfully. As hon. Members will be aware, take-up of this policy was initially lower than expected, but the Government have taken decisive action to change that. In spring this year, HMRC ran a successful marketing campaign to help raise awareness among eligible families, and the results were quite dramatic. Daily applications increased by a factor of seven between November 2015 and March 2016. Next month, HMRC will receive its 1 millionth successful marriage allowance application.

We are going even further. HMRC will launch a more ambitious campaign to raise awareness next month to help to continue the momentum. The Government have also assessed the distributional impact of the policy, which I know is a matter of interest to my hon. Friend the Member for Enfield, Southgate. We found that a quarter of those who will benefit are households with children, and most of the benefit from the marriage

allowance will go to those in the bottom half of the income distribution scale. I understand that my hon. Friend will want to make more points about this issue in his contribution. I will seek to respond, briefly if I can, at the end.

My hon. Friend has also tabled new clause 2, which proposes a review of the impact of the rate of duty charged on sparkling cider of an alcohol strength exceeding 5.5%. The concerns that he raises—he has raised them before—are important, and the Government will continue to tackle alcohol problems as a driver of crime and support people to stay healthy, building on the alcohol strategy of 2012. The Government are aware that some ciders can be associated with alcohol harm and we have already taken action. Since 2010, for example, we have required drinks to contain a minimum of 35% apple or pear juice to be defined as cider, which is designed to increase the cost of the cheap white ciders.

From my previous role as a public health Minister, I am obviously aware of the concerns about alcohol harm. Further changes to alcohol policy would need sufficiently to target cheap drinks associated with these harms, without of course penalising responsible drinkers. The Treasury is always willing to consider any evidence about how these products should be taxed. Although I do not think a legislative requirement for a review is necessary, I look forward to hearing my hon. Friend's contribution to the debate.

Amendments 180 to 182 deal with the Office of Tax Simplification. The amendments, tabled by the hon. Member for Ilford North (Wes Streeting), would require appointments to or dismissals from the position of the OTS chair to be subject to the consent of the Treasury Select Committee. The OTS provides the Chancellor with independent advice on simplifying the tax system. As I alluded to in the last part of the previous debate, to ensure that the OTS continues its important work, the Government are putting it on a permanent statutory footing and increasing its powers. I am grateful to my right hon. Friend the Member for Chichester (Mr Tyrie), the hon. Member for Ilford North, whom I see in his place, and other members of the Treasury Select Committee for their commitment to safeguarding the independence of bodies within government and to increasing their transparency. The Government's view is that there is a balance between ensuring that there is robust scrutiny and doing so in a way that is proportionate to the function of the OTS.

Having considered the representations of my right hon. Friend the Member for Chichester and the hon. Member for Ilford North, the Government will ensure that the Treasury Committee is able to hold hearings with future OTS chair candidates before their appointments are formalised, and to put appointments to a vote in the House. We believe that those arrangements should be a permanent method of appointment of future OTS chairs. I do not think there is any justification for going further and legislating for a power of veto, which is what the amendments would do. I hope that members of the Treasury Committee will welcome the arrangements that I have outlined, and I invite them not to press their amendments.

2.30 pm

Mr Andrew Tyrie (Chichester) (Con): I am grateful to the Minister for what she has said about the proposals. I am pleased that it has been possible to work out a

compromise which I think is very reasonable all round, and which builds on the arrangements made by the former Chancellor for the appointments of the chairman and chief executive of the Financial Conduct Authority earlier in the year. I see no reason why this should not form the basis for a permanent arrangement to ensure that we get the best possible candidate into the OTS, supported by Parliament, in future years.

Jane Ellison: I thank the Chairman of the Treasury Committee for his indication of support for these arrangements. As he says, we have set out a procedure for the future. I have written to him, and the Chancellor will write to him as well, to confirm that for the record.

New clause 8, tabled by members of the Scottish National party, would require the Government to review the way in which the changes in dividend tax will affect directors of microbusinesses. First, we feel that it would be impossible to deliver such a review, because information from the self-assessment process will not be available until 2018. Secondly and more fundamentally, the dividend tax changes cannot be viewed in isolation, as I pointed out in the previous debate. Small company directors will have benefited from various recent tax changes made by the Government, including cuts in corporation tax and business rates—with more to come into effect in the spring of 2017—and the introduction of the employment allowance, which has made a considerable difference to business people in my constituency to whom I have spoken and, I know, to those in other constituencies. We think that these matters must be looked at in the round, and we therefore do not feel that we can accept the new clause.

New clause 18 proposes another review, on the impact of section 24 of the summer Finance Act 2015 on affordable housing. Again, we feel that that is unnecessary. The changes made by section 24 are being implemented in a gradual and proportionate way. Only one in five landlords is expected to pay more tax, and we do not expect the changes to have a large impact on either house prices or rent levels owing to the small overall proportion of the housing market that is affected. It is worth noting that the Office for Budget Responsibility has endorsed that assessment.

I gather from my predecessors that the subject of new clause 6, which asks the Treasury to conduct

“a review of the VAT treatment of the Scottish Police Authority and the Scottish Fire and Rescue Service”,

has arisen a number of times in the past, and I am afraid that I cannot add very much to the responses that SNP Members have heard before in the context of this and previous Finance Bills. The Treasury made it clear to the Scottish Government that the proposed changes would result in a loss of eligibility for VAT refunds. They chose to go ahead, which was their legitimate right, but there can be no expectation that we will review the issue, given that the consequences were clear beforehand.

Jonathan Edwards: If the United Kingdom opts for non-membership of the single market following Brexit, the UK Government—the Treasury—will be able to initiate all sorts of proposals relating to VAT, one of which may well be to devolve it to the devolved Administrations. The Scotland Act 2016 currently assigns responsibility for 50% of VAT receipts, but if the UK

Government decided on the non-membership option, it would be possible to go further. Is the Treasury considering that?

Jane Ellison: As a number of Ministers have made clear in the House, we need to consider a huge range of issues as we proceed, but, as I have said, we are clear about the matter for the present. No doubt the hon. Gentleman will raise his point again during debates about our future outside the European Union.

New clause 16, tabled by Liberal Democrat Members, would require the Government to publish a review. I do not think that any Liberal Democrat Members are present, so I shall speak briefly before moving on swiftly to deal with new clauses and amendments tabled by members of other parties who are present.

The Government already undertake equality assessments of all new measures, which includes considering age as a protected characteristic. I am sure the whole House welcomes the fact that the Prime Minister has now launched an unprecedented audit of public services to reveal—among other things—racial disparities, and to look at the way in which public services serve people throughout the country. The Treasury will, of course, play its part in the audit, and no doubt some of these issues can be considered as part of that important exercise.

New clause 19 would require the Government to review the impact of measures in the Bill on different levels of income. In every Budget and autumn statement since 2010, the Treasury has published distributional analyses showing the impact of Government policy on the share of tax paid and spending received across household income distribution. Since 2010, the Government have published far more distributional analyses than their predecessors. As the Prime Minister has made clear on many occasions since taking office, we are determined to make Britain a country that works for everyone, and our policy choices and actions stand as proof of our commitment. The Government have received representations on this matter, not just from Opposition Members but from my right hon. Friend the Member for Chichester, on behalf of his Committee. We will consider the appropriate format of documents to be published at future fiscal events at a time closer to the date of the autumn statement.

Kirsty Blackman: When does the Minister think the autumn statement will be delivered?

Jane Ellison: The Chancellor will make that clear in due course.

Mr Tyrie: As the Minister knows, the issue of distributional analysis is of great importance to the Committee. The previous Chancellor accepted it in 2010, but resiled from it in 2015, to the Committee's considerable concern. On the understanding that the Chancellor really is considering reinstating the arrangements that had been in operation for the preceding five years, I would not be minded to vote for new clause 19. Am I to understand from what the Minister has said that a serious reconsideration is taking place, and that she or the Chancellor will return to the House in due course to inform us of their conclusions?

Jane Ellison: Treasury Ministers and the Chancellor take points made by my right hon. Friend and his Committee members very seriously. As I said earlier and as has been confirmed in an exchange of letters between my right hon. Friend and the Chancellor, we will consider the issue at future fiscal events closer to the date of the autumn statement. I may be able to write to my right hon. Friend with further information, but that is what I am able to say at the moment.

Philip Boswell (Coatbridge, Chryston and Bellshill) (SNP): I thank the Minister for giving way. She is being most generous.

Yesterday, in an intervention on the speech of one of the Minister's colleagues, I asked when we were likely to expect the very important autumn statement. The response was "some time in November, maybe December." Can the Minister confirm that that is indeed the case?

Jane Ellison: As I have said, the date will be confirmed in due course, but I think it reasonable to assume that the window of opportunity to which the hon. Gentleman has referred is broadly correct.

I shall speak briefly—as, again, there is no Liberal Democrat presence in the Chamber—about amendment 179, which deals with the apprenticeship levy. This would exclude qualifying bonus payments to employees of employee-owned businesses from being considered as part of the employer's pay bill when calculating the levy. To ensure the levy is as simple and fair as possible, the Government have decided to use the existing definition of earnings—those used for employers national insurance contributions. This avoids unnecessary complication. This point about avoiding complication was made repeatedly to us during the consultation. We feel the amendment would add complication and therefore we urge the House to reject it.

Lastly, Labour amendment 141 on employee share schemes proposes a tax exemption for residual cash amounts remaining in share incentive plans when they are donated to charity. While we appreciate the proposal is made with the best of intentions, we are concerned the change would, again, add complexity and the amendment lacks details. We would need further development and evidence of this idea before giving it further consideration.

I will end there, but I may look to respond briefly at the end if there are any further points I can add that would assist the House. I look forward to the debate.

Rob Marris: I am disappointed by the Minister's concluding remarks on amendment 141, which is in my name and those of my hon. Friends. She says the amendment lacks detail. We are talking about simplification today and I will go on to address the House on that issue, but this amendment covers more than an A4 page, so there is quite a lot of it. It might be the wrong detail—I freely accept that I am not an accountant—but I cannot get my head around the concept that it lacks detail. So I am disappointed and urge her to reconsider.

I am pleased at the movement from the Government on amendment 180. It will not surprise SNP Members to know that I want to touch briefly, as the Minister did, on new clause 6. Frankly, they have made their bed and they should lie in it. They were warned that this would be the financial effect, and having an inquiry into

the financial effect of something they knew was going to happen and has happened—it may be an adverse financial effect—is what you get with devolution; you make your decisions and you live with them. They should not be looking indirectly through this mechanism for yet another bung from the English taxpayer when they are already getting shed loads of money under the Barnett formula. I support the Barnett formula and the Union, but sometimes people can push their luck a bit and I think that is what is happening here since they knew in advance what would happen.

I want to make some brief remarks on the question of evidence-based decision making and the difficulties we have in that regard as policymakers and legislators in this House. That applies particularly to financial matters. Although the House of Lords scrutinises Finance Bills, it does not vote upon them for good historical reasons. It cannot, therefore, amend the Finance Bill and we have to get it right here.

Oppositions cannot table amendments to put up taxes and it has become commonplace in recent years to table amendments to express concern and call for a review. That has been the mechanism used by those who take issue with a particular course of action, or lack of a course of action rather than moving amendments to abolish something, as the Liberal Democrats extraordinarily did yesterday with their amendment to abolish corporation tax, which, as the Minister said, would cost £43 billion a year. In this group, new clauses 3, 6, 8, 16, 17, 18 and 19 all call for a review, as did new clause 14 and amendment 176 which were debated previously. It is the flavour of the day.

This highlights a problem that the Minister addressed in her concluding remarks in the previous debate. We have at the moment an economy with extraordinarily good unemployment figures, and I praise the Government for that. That figure has come down, and we have had 2.5 million more jobs in the past six years. That is great, but it has been bought on a sea of debt, with the deficit going up 60% under a Government who said that they were imposing austerity in order to bring public finances under control. They are still not under control.

2.45 pm

We have a mounting deficit. We have crumbling infrastructure and services, where we are storing up problems for the future. Prosaically, if we drive around lots of towns in England—I do not know about Scotland, Wales and Northern Ireland, but I suspect the situation may be the same—we see crumbling roads because local authorities are cutting back on filling in potholes. That is a short-term saving but it leads to longer term costs. It is an example of what is happening throughout the economy. We have also had six years of stagnating and falling wages. However, the interactions between the Government's economic measures that have led to the negatives—I have delineated only some of them—and the positive of employment being up by 2.5 million are unclear to many of us, and I think are unclear to economists.

The Minister referred in the earlier debate to a package of measures, and she quite properly mentioned the interaction of different measures. These things make it difficult when one is considering economic policy. On the disaggregation of various measures, it is difficult to know whether one measure or package of measures or

what cocktail of measures is effective or ineffective. The Minister said that the Government review tax breaks and tax reliefs all the time and that all policies are under review. That is good. What we are saying in some of these amendments and new clauses, and have been saying repeatedly in opposition, is: “Make that public”.

I also repeat to the Minister something I said yesterday. There is a question mark as to how much some of these measures and policies are kept under review. The question mark comes from the National Audit Office in a report of about two years ago, which, in round terms, said that there are five different types of measures which could broadly be called tax relief, and it delineated them. It then said that it could count about 1,200 such tax reliefs and that it could find evidence that only about 300 of them were being monitored by the Government for efficacy.

The Minister may well believe and be told that these reviews are going on all the time—there are some reviews and she has referred to several of them today. However, I have to tell her from a somewhat, but not very, different angle that that is not what the NAO found two years ago. I urge her to go back to Her Majesty’s Revenue and Customs and the Treasury and find out what is going on with this.

Sadly, in the Labour leadership campaign we have seen from various commentators the emergence of the post-factual world. I am in favour of evidence-based policy making. That does not mean we reach a cosy consensus, which is sometimes what those who are post-factual think is what we inevitably end up with. I will give the House a simple example. If a suburban road has a 30 mph speed limit and a survey finds that 60% of cars are going above 40 mph, the policy that one could make as a result of that could vary between putting in speed humps, putting in chicanes, using radar guns or even raising the speed limit to 40 mph. Those are the policy implications that we as politicians from our differing perspectives might draw from such a common set of facts. Trying as much as one can—it is not always possible—to have a common set of facts is important for evidence-based policy making, and I do not think that the Government, as legislators, have enough information. Therefore, we cannot be sure that the measures we pass in this House have any likelihood of doing what they are intended to do.

Earlier today I gave the example of tax relief on pension contributions; perhaps the worst example is £30 billion a year spent trying to do something when there is no evidence that it does what we want it to do. It might be that from that fact—I take it as a fact because the House of Commons Library cannot find any real evidence that behaviour is changed by that massive tax relief—one could draw different conclusions. One could say one must try harder to advertise it, and we should be doing it anyway because it is a good thing. At the other end of the spectrum, one could say it should be abolished entirely, and in the middle one could say, “Well, we should tinker round the edges and get tax relief at the higher rate—the 40% rate—down.” But we should try to start with a common basis, even though we will not always be able to do so, and many of the new clauses and amendments are seeking to flush out that information. That is a step towards the situation I wish to see—it is adverted to in amendment 180, which

refers to the Office of Tax Simplification—in which we as a society and as a legislature look seriously at tax simplification.

The right hon. Member for Cities of London and Westminster (Mark Field) referred to this earlier today. He also referred to it yesterday in the context of corporation tax, and asked whether we ought to consider substituting that tax with a turnover tax, given all the avoidance that goes on. Depending on how it were done, that could be simpler. I agree with him that we ought to have that debate. My hon. Friend the Member for Feltham and Heston (Seema Malhotra) also made an excellent speech earlier today on evidence-based policy and getting the relevant information.

This ties in to the question of simplification because we need the evidence to achieve that. For example, many of the small business tax reliefs generally sound very good, and they might indeed be good; I do not know, because we do not have the evidence. I have been in small and medium-sized businesses, and in my experience those who make the decisions are often unaware of that part of the tax regime until they come to speak to their accountant at the end of the year. So the tax relief has not in fact altered the behaviour of that business during that first year, although it might do so in years two and three. My experience of being in and interacting with small businesses, although not huge, tells me that they are often too busy trying to run their business to say, “There is a tax relief for this and a way of doing that, and we were going to do this in sales but now we are going to do that instead.” They are too busy pursuing the goals that they have set themselves to be bothered about that, so let us have some simplification.

Many Members, although not all, talk about tax simplification. When the former Chancellor of the Exchequer, the right hon. Member for Tatton (Mr Osborne), was in opposition and my party was in government, I remember hearing him speak in Finance Bill Committees—six of which I served on—and repeatedly referring to the tax code. He was the first to use that Americanisation, as I remember. This was seven or eight years ago, and he said that according to Tolley’s tax guide, as it then was, the tax code ran to about 1,000 pages. At the latest count, it is about 1,500 pages. We have had no simplification; we have gone the other way.

One of the reasons for that is that Governments have understandably not had the guts to say, “If you have simplification, it will lead on occasion to things being rough and ready and you will lose the nuances.” As a lawyer, I can say that on occasions that is right. We see this most graphically in the area in which I practise, that of employment tribunals. When they were introduced as industrial tribunals decades ago, they were supposed to be the people’s access to justice. They were supposed to be simple, rough and ready, but what did we get? We got layers of complexity and precedents.

Additionally, we now see the awful situation of people being unable to afford to go to a tribunal since the Government brought in fees. The court fees introduced by the last Government for a full employment tribunal hearing can amount to £2,000. Also, the complexity now means that people need legal representation, but they cannot get legal aid and, generally—certainly in England and Wales; I do not know about Scotland—they cannot get a so-called no win, no fee agreement. So access to justice is reduced because of the complexity.

It is very difficult for a lay person in England and Wales to access an employment tribunal without access to specialist legal advice, which generally costs money because of the legal aid regime.

One solution would be to make legal aid available for employment tribunals. Another would be to make the tribunals less complex, but that would lead to rough and ready justice. The same would apply to the tax measures in this country. I urge the Government to consider monitoring and getting evidence on the 1,200 or so tax reliefs and on the distributional analysis to which some of the new clauses refer. I also urge them to take the bull by the horns and have the guts—I salute them for having had the guts to take measures on tax avoidance—to go for a simplification that would help business, even if it occasionally resulted in a somewhat rough and ready system.

Kirsty Blackman: In the absence of the Government showing any willingness to take the bull by the horns on tax simplification, how can we get them to part with the information that they say they have on the continual review on tax reliefs? I have not been an MP for very long, but it strikes me that there is a failure in the system if we are not seeing the transparency that we need. If the Government are actually doing these reviews but not providing their working to the Committees or to Opposition MPs, that strikes me as a failure in the system. How can we get them to part with that information?

Rob Marris: I quite agree with the hon. Lady. Sadly, I am unlikely ever to be a Minister, but I am hoping that the Minister will stand up this afternoon and say, “The hon. Member for Aberdeen North has made a jolly good point.” She has said that the Government keep all policies under review all the time, so let us have the transparency. I salute what the Government did for transparency yesterday in accepting amendment 145, tabled by my right hon. Friend the Member for Don Valley (Caroline Flint). I urge them to go that bit further today by publishing the evidence that they have and by marshalling more evidence and disclosing it. They must have the courage to seriously go for simplification, which would be better for business and employment in this country, even though there would be a cost to be borne by society in the form of less nuanced decision making and systems becoming more monochromatic and rough and ready. Some of that would of course rebound on Members of the House, because we would get constituents writing to us saying, “I have a particularly nuanced situation here, and you guys have made all these laws that are a bit monochromatic and do not help me.” We have to have the guts to say that that is a price worth paying, and as legislators we should be prepared to do so.

John Redwood: I had hoped to clear up my point in an earlier intervention on the Minister, but I fear that I was not happy with her answer so I shall try again and extend my case a little on the important matter of VAT on energy-saving materials. That is the principal issue at stake in new clause 15. As I was trying to explain to the Minister, many of us feel that it would be quite wrong to increase VAT on energy-saving materials, given that the House decided to choose the lowest rate that we are allowed to impose under European Union law. A case was then lost in the European Court, and the Government have wisely been undertaking a very long consultation

into how they might implement this ill-conceived and unwanted judgment. The longer they consider it, the better, and the sooner we get out of the European Union, the sooner we can bring the whole charade to a happy end.

To many of us, this illustrates exactly what was wrong with our membership of the European Union, and this is something that we can offer to our constituents as we come out. They voted to leave and to take back control of their laws. That includes their laws over taxes. During the campaign, we on the leave side made a great deal of how we wanted to scrap VAT on energy-saving materials. Like many people in this House, we believe that we could do much more to save and conserve energy and to raise fuel efficiency, and if we did not tax those materials, perhaps they would be a bit cheaper for people. That would send a clear message that this was something that we believed in.

I urge the Minister to go as far as she can in saying that this Government have absolutely no wish to put up VAT on energy-saving materials, and that they would not do so if they were completely free to make their own tax decisions. I would love her to go a bit further—this might be asking quite a lot—and say that once we are free of the European Union requirements, we will be scrapping VAT on energy-saving materials altogether. It is not a huge money-spinner for the Government, and its abolition would send a very good message. It would particularly help people struggling in fuel poverty, who find energy-saving materials expensive. The extra VAT on them is far from helpful.

The Minister suggested to me that the Brexit Secretary was dealing with this matter, but I can assure her that he is not. He made a clear statement on these matters in the House yesterday and wisely told us—I repeat this for the benefit of those who did not hear him—that it is his role to advise and work with the Prime Minister to get our powers back. His job is to ensure that this House and all of us can once again settle the United Kingdom’s taxes without having to accept the European Union’s judgments and overrides. However, it will be for Treasury Ministers and the wider Cabinet to recommend how we use those wider and new powers and to bring to the House their proposals once they are free to do so.

3 pm

I hope that we trigger article 50 as soon as possible. This is another reason why we should not rush to impose higher, crippling taxes on energy saving, because it is something we want to encourage. It is another incentive for us to get on with actually leaving the Union. A bigger cash incentive that is relevant to Budget matters in this Finance Bill is that we would soon be able to get back the £10 billion a year. Remember that every month we delay getting out of the European Union we have to raise another £850 million through a Finance Bill such as this to send away and not get back. I urge the Minister to take the matter seriously and to say that this Government have absolutely no intention of increasing VAT on energy-saving materials unless they are legally forced to do so. Will she confirm my view that the sooner we are out, the sooner we can have a rational policy on this most important matter?

Wes Streeting (Ilford North) (Lab): I rise to address amendments 180 to 182 and new clause 19, tabled in my name and those of my hon. and right hon. Friends. As a

relatively new Member, I want to place on the record my enormous thanks to the staff of the Public Bill Office, who over the course of the summer assisted in the production of not only these amendments, but more than 30 amendments to the Higher Education and Research Bill. I have been busy, but I have been keeping them busy. As a new Member, I have perhaps been slightly more demanding, so I am grateful for their time and support.

As the Minister acknowledged in her opening remarks, amendments 180 to 182 arose from concerns reflected right across the Treasury Committee about the nature of appointments to the most senior offices and the dismissal of post holders. The Office of Tax Simplification has an important public duty. Many of us want the tax code to be simplified, but we know that constraints are inevitable because the tax system is as complicated as life and will therefore always have a degree of complexity. However, we also know—particularly those of us with a large number of small and medium-sized businesses in our constituencies—that the more complicated the tax code, the more complicated it is for businesses to understand what it is they should and should not be paying. Companies with the means to get a great deal of expensive advice on how to make enormous savings are at a great advantage.

During the course of yesterday's Finance Bill debate, my right hon. Friend the Member for Don Valley (Caroline Flint) spoke about the widespread practice of aggressive tax avoidance by multinational corporations. If the tax code were simpler and clearer, that sort of aggressive avoidance would be harder. That is why there is such parliamentary interest in the work of the OTS and a determination to ensure that Government appointments to the most senior posts have an appropriate degree of parliamentary oversight—primarily, but not exclusively, through the Treasury Committee.

I welcome the Minister's constructive approach and the agreement she made with the Chair of the Treasury Committee, the right hon. Member for Chichester (Mr Tyrie), who does a sterling job of battling for all members of the Committee and on behalf of both sides of the House. This is a good example of how the Government and the Select Committee system can work together effectively to reach the right outcome. I do not intend to press amendments 180 to 182 to a vote this afternoon, because we have received sufficient assurances from the Minister and I look forward to that process continuing under successive Governments.

Turning to new clause 19, even newer Members of the House are familiar with the regular display and theatre of the Budget. In this modern age, there is an inevitable degree of briefing, counter-briefing and misleading in the run-up to the event in order to misdirect the Opposition and to enable the Government to be fleet of foot on the day and to save the best headlines for the Budget. On the day itself, we have the routine announcements about the business that needs to be conducted in any Budget and then, of course, we get the inevitable rabbit out of the hat. Once the smoke has cleared and the mirrors have been packed away, the real analysis begins of the consequences of each Budget item for the people whom we are sent here to represent. Even members of Select Committees or Bill Committees, who follow the scrutiny of Bills closely, know that trying to penetrate the real impact of a Finance Bill or any fiscal event is a significant challenge.

I must say that that challenge has been made more difficult by the decision of the previous Chancellor, the right hon. Member for Tatton (Mr Osborne), to move away from his commendable practice of publishing alongside the Budget the distributional analysis of the impact of tax, welfare and public spending changes. The first question that all hon. Members face when presented with a Budget is about the impact on our constituents. Those of us who are committed to social justice are more interested in the impact on the poorer household than the wealthier household. In fact, the right hon. Member for Tatton described the analysis as the

“most comprehensive and robust assessment available”.

That is why it was so disappointing that he decided to abandon that practice following the general election. The move was condemned at the time by a wide range of anti-poverty charities as a serious mistake. We could spend a lot of time debating why the previous Chancellor chose to abandon that practice at that particular moment, and we could have our usual exchanges about the priorities of Conservative Governments and Labour Governments, but with the appointment of a new Prime Minister and a new Chancellor I hope that we can instead debate the merits of the principle which we believe any Government, whatever their priorities and political shade, should follow.

The Chair of the Treasury Committee wrote to the Chancellor to express concern that at last year's summer Budget the Treasury

“replaced its previously excellent budget distributional analysis series with a manifestly deficient substitute.”

Since her elevation, the Prime Minister has made great fanfare of the commitment she made outside No. 10 Downing Street to lead a Government who work

“not for a privileged few, but for every one of us.”

I would dearly love to have a debate with the Government about the means by which we achieve social justice and about whether it is a good thing in and of itself, but I certainly agree with the Chairman of the Treasury Committee that a

“high level of transparency about the effects of tax and welfare policy on households across the income distribution would seem to be a logical, perhaps essential starting point.”

That is what motivated the tabling of new clause 19.

It is important that all Governments are clear and transparent about a Budget's effects to enable proper parliamentary and public scrutiny of decisions—as happens in the Chamber, in Select Committees and in conversations around kitchen tables up and down the country. Knowing that the analysis is being produced and seeing it form as the Budget is prepared helps to concentrate the minds of Ministers and civil servants. It asks the question and gives the Chancellor, before he or she stands at the Dispatch Box to announce their Budget, an opportunity to reflect on the Budget in its entirety.

Successive Governments and Chancellors have once or twice fallen foul of public opinion by realising that the Budget as a whole is not necessarily as great as they thought it was when each part was being considered. Having the analysis in place as the Budget is prepared will not only aid public and parliamentary scrutiny, but enable Ministers to make the right judgment about how Budgets should be balanced. The Opposition believe, particularly when difficult judgments are to be made

[*Wes Streeting*]

about tax and welfare changes and public spending, that the books should never be balanced on the backs of the poorest. I hope that we can find agreement in that area with the new Chancellor and Prime Minister, particularly given her stated aims, but whoever occupies the highest offices of this land, we can surely agree that parliamentary scrutiny is vital.

We should also agree that, as the Treasury has the evidence to hand and we are not asking it to do additional work—the analysis already exists—simply requesting that it be put in the public domain is not too much to ask. I welcome the fact that this afternoon the Minister has left the door open and says that this area will be considered by Ministers. On that basis, I accept that Ministers, the Chancellor and the Treasury will consider it. I assure the Minister and the Chancellor that we will return to this issue, through the Select Committee and at future fiscal events, if a change is not made. On the basis that the Government have an open mind and open ears on this issue, I am prepared not to press new clause 19 to a vote.

Mr David Burrowes (Enfield, Southgate) (Con): It is a pleasure to take part in this stage of our consideration of the Finance Bill. I was interested to hear the carefully constructed arguments of the hon. Member for Ilford North (*Wes Streeting*). Let me pick up on the point he made about wanting to see social justice from this and future Budgets, and to see it at the heart of the Government's agenda, as was made clear on the steps of No. 10 by the new Prime Minister. He also talked about the impact on the poorest households, which is the focus of new clauses 2 and 3 and the reviews that they propose. As ever, it was also interesting to hear from the hon. Member for Wolverhampton South West (**Rob Marris**), and to listen to his thesis on post-factual analysis, be it on the Labour leadership contest or on this Bill. He mentioned roads, so perhaps he should come down to Enfield and give us a post-factual analysis of the cycle lanes that are planned in my borough to see whether we should continue with that expensive proposal, given the need for best value.

Let me return to the matters at hand. First, I wish to speak to new clause 2, which stands in my name and those of my hon. Friends the Members for Congleton (*Fiona Bruce*) and for Totnes (*Dr Wollaston*). Sadly, the latter cannot be here as she is leading her Health Committee on a visit, although she would want to be here to support this new clause. I hope and expect that across the House there is support for the principles of wanting to carry out a proper review of the impact of the duty regime, particularly in relation to high-strength cider, although I very much welcome the Minister's comments. She will know all too clearly from her previous role in public health of the impact of alcohol and high-strength alcohol in particular, including cider, on the poorest and those most in need of our attention. I welcome the hint that a wider, more coherent view of the relationship between alcohol duties and harm could be taken, which was mooted by the previous Prime Minister but seemed to get kicked into the long grass—it has never returned. The Minister will be well aware of the permutations and the different interests across Government in relation to that review and its final outcome. The previous Prime Minister was talking about

minimum alcohol pricing in terms of when not if, but this has now gone back to an if. I look forward in future Budgets and future consideration to a wider review and factual analysis of the relationships to harm and the impact on behaviour, particularly among the poorest.

New clause 2 hones in on an area that is about not just health harms, although that is the core of the argument, but an anomaly in our treatment of cider and of beer.

Rob Marris: I was a “remainder”, so at the risk of sounding like the right hon. Member for Wokingham (*John Redwood*), may I ask the hon. Gentleman whether he agrees that this is one area where, as a small silver lining, leaving the European Union may assist, because the rates of excise duties, the definitions and so on are related to our membership of the EU? For example, I am thinking of the way in which wine is treated, because of the Italian, Spanish and French wine industries. If and when we leave the EU, we will have more flexibility in this regard.

3.15 pm

Mr Burrowes: I welcome reluctant converts to the cause of Brexit, whenever they come. That is a silver lining among many. I see this very much as sunshine, rather than silver linings. At the heart of it all, this is about our taking back control over a duty that has an impact on the most vulnerable, and we have already had arguments about VAT. I look forward to hearing the Scottish Members' support for the same silver lining, because they have been battling to ensure that their proposal for minimum unit pricing is not subject to court and European Court interference. They, too, would perhaps welcome that silver lining; I look forward to their joining the hon. Gentleman in what he has just said.

As much as anything else, new clause 2 is about dealing with an anomaly to do with high-strength ciders. In the recess, hon. Members may have enjoyed ciders of all varieties. They may have popped their corks and had some sparkling cider, which is a substitute, perhaps a poor one, for champagne. They need have no fear about this, because the essence of my proposed review is very much about the nasty stuff. I doubt many hon. Members will have partaken in it, although they may have done. I am talking about people going down to their local office licence to get a large bottle or can of white cider, which is not particularly sparkling or pleasant. However, it attracts under-age drinkers and, in particular, dependent drinkers—

Rob Marris: It has never seen an apple!

Mr Burrowes: It has never seen an apple. The Minister intimated that the same is true of pears. We need to look at the fact that white cider attracts the lowest duty per unit of alcohol of any product while representing the cheapest way to consume alcohol and get drunk, and to enable addicts to continue their dependency. Three-litre bottles of high-strength ciders are available for just £3.50; people can get completely wasted on £3.50, but they would struggle to buy a bottle of some mainstream ciders for that. As a result, these products are causing disproportionate levels of harm, which is closely associated with dependent, street and under-age drinking. The Government are rightly emphasising and

prioritising tackling street homelessness and putting funds into preventing homelessness. My hon. Friend the Member for Harrow East (Bob Blackman) has introduced the very helpful Homelessness Reduction Bill. We hope that, with cross-party support, he will be navigating its safe passage through this House on 28 October and all hon. Friends will attend to that.

Let me make a wider point about future Budgets, as connected to that is the need to examine the impact of duty and the evidence that price has a particular impact on behaviour.

Mr Stewart Jackson (Peterborough) (Con): My hon. Friend pre-empts the point I wished to make, and is making a typically eloquent speech. For too long, under all Governments and under generally liberal regimes, whether we are talking about salt, sugar, alcohol or fixed-odds betting terminals, there has not been a holistic approach from the Treasury that looks at the indicative costs to society. I am talking in terms of health services, social services and so on. I do not think any Government have got that right over the years: there is a cost if we do not get the fiscal policy right in trying to change behaviour across all these areas.

Mr Burrowes: That is a welcome intervention. I welcome the Minister to her place, as she has wide experience in this area. I understand that she was the longest-serving Conservative public health Minister. She can bring that experience to bear, not least because she has added responsibilities, given the make-up of the limited number of Ministers on the Treasury Bench, to cover those aspects of what some might call sin taxes and to create a better overall review. That can be linked up with what we look forward to receiving from the Government: the long-awaited life chances strategy. Be it on the social justice strategy, social reform strategy or life chances strategy, we must ensure that we focus on the poorest and most disadvantaged, who are particularly badly affected by high-strength ciders and other issues that have been mentioned.

High-strength ciders are usually about 7.5% alcohol by volume, they are sold in three-litre bottles and they contain 22.5 units of alcohol. That is over 50% more than the Government's weekly limit guideline, just in a single container. The leading brands are Diamond White and White Ace. The price means that heavy drinkers of white cider can spend only a third as much on alcohol as low-risk drinkers would spend. These low-strength ciders and high-strength ciders range between 1.2% and 7.5% ABV, but we need to focus on the white ciders, because at the moment the tax is based on volume rather than strength. That has an impact on behaviours. Obviously, it has an impact on the behaviour of manufacturers. When they look at incentives and what they produce, they may say, "Let's just go for volume. We won't then be hit on strength." There is not a similarity with the beer regime, which has that grading, and that has an impact, not least on what products come out. Unsurprisingly, on the high street there is much more of a market for lower-strength beer and different qualities of lower-strength beer. Meanwhile, there is a wide range of mainstream ciders, but no impact in duty terms on high-strength ciders.

In considering the impact of high-strength ciders, we should perhaps discuss Glasgow and Edinburgh where, I understand, 25% of alcohol treatment services patients

drink white cider. Of those, 45% drink white cider exclusively, so this is a huge issue whether in Glasgow or Edinburgh, where there is a significant problem with high-dependency drinkers, or in London or elsewhere.

I am sure hon. Members will know of constituents who are particularly dependent on this harmful drink, which is the drink of choice for many a harmful drinker. Indeed, the chief executive of Thames Reach, Jeremy Swain, has said that 78% of deaths among his clients can be traced back to high-strength drinks such as white cider. That is a shocking statistic that needs to be out there. I implore the Minister, perhaps when she considers future Budgets, to look at what is happening, and why. Efforts have been made in relation to manufacturers and others—she will be aware of this from her previous role—to sort things out and become responsible, and it has to be said that retailers have done that: Heineken and Bulmers have withdrawn their white cider brands as they believe them to be socially irresponsible. That is to be welcomed and we should praise those companies.

Furthermore, retailers such as Costcutter, Morrisons, Nisa and Spar have acknowledged the problems associated with those products and reduced their stocking and promotion of white cider, but if hon. Members come to Green Lanes in my constituency, although they will not get near any of those established off-licences, they will see that high-strength ciders are readily available. They are, sadly, targeted at the heavy drinkers, who are more likely to have those white ciders. Also—this is based on evidence that needs wider debate and review—they are more responsive to the cheapest price for alcohol.

Those supporting such a review and such a measure are indeed those responsible retailers and manufacturers, as well as the health sector—those who see the impacts of liver disease and the changes brought about by lack of accessibility to and an increased price for such products. In addition, alcohol treatment charities, various parts of the drinks industry and dependent drinkers themselves have also made the point that they recognise the impact of having an increased price.

It is indeed time for the Government to provide additional reassurance that there will be a honed focus on the issue in future Budgets, as well as a wider review of the impact of high-strength alcohol, particularly with respect to cider duty and targeting on white cider sales. As the Minister said, we must always be proportionate in the way we handle duties and ensure that people are not unduly impacted when they either buy or go out for a cider, but these measures would not impact on most mainstream ciders of between 4% and 5% ABV.

On the issue of simplification, which was alluded to earlier, these measures would bring such products into line with the treatment of beer. Since 2011, there have been three tiers of beer duty, with low rates on low-strength beers and high rates on high-strength beers, so why do not the Government, to achieve simplicity, clarity and coherence, make similar provision in relation to ciders, particularly because of the impact of high-strength ciders on the poorest?

The Government have rightly put social justice at the heart of all they do, and that must include this area, where the spotlight of social justice must also shine in preventing harmful drinking. I look forward to the Minister perhaps adding a few words of support for a targeted increase in the price of high-strength cider, or

[*Mr Burrowes*]

at least agreeing to look at the issue again seriously in time for the next Budget so as to help the vulnerable and end the anomaly to which I have referred. That would recognise these proposals as part of a wider review of the important issue of alcohol duties and their relationship to harm.

Another issue has been of interest during previous debates on Finance Bills, and I wish to bring a strong focus to bear on it by speaking to new clause 3, which stands in my name and the names of 15 of my right hon. and hon. Friends. Indeed, others have indicated to me their support for a review of the marriage and civil partnerships transferable tax allowance. I want to comment particularly on low-income households, especially couples with young children. It would be very progressive if the Government were to focus on achieving more take-up—I welcome the Minister's comments on that—and arriving at a more significant amount, which would disproportionately impact on lower-income households.

I welcome the introduction of the transferable allowance for married people and civil partners last April, so, unlike in previous debates, I will not, along with my hon. Friends, be imploring the Government to establish such an allowance in the tax system. We have that. That battle has been won and that promise has been kept. There is that recognition of marriage in the tax system, and it is evidence-based: the institution of marriage is valuable as it helps individuals to build social resilience, improves mental wellbeing and aids healthy relationships, particularly with children. I shall not dwell on that past battle because, as the Minister said at the Dispatch Box, she also, on behalf of the Government, is wholly committed to that transferable allowance. It is here to stay under this Government, which is wholly welcome and I very much appreciate it. If any other hands got on the tiller, I am sure that it could be under threat.

However, we must not sit back and be content. The bauble is there and we have recognised marriage, but we need to look, as we do across Government, at how that measure will impact on poorer households. Indeed, we need to consider incentives, including financial incentives, and disincentives around different couple relationships and penalties that still exist. I believe that we must prevent marriage, with its particular social benefits, which have been evidenced, from becoming the preserve of the more wealthy.

I am sure that Members from across the House will join me in not being content with the fractured society that is based around relationships breaking down. We must do all we can to support couples to stay together, particularly those with children, and consider the impact on children when couples do not stay together. Evidence states very clearly that the children of married couples, who have grown up with them, are better served by the fact that the couple stay together.

I recognise that there are different incentives and this is not all about the tax allowance. A range of support can be given to keep couples together, although that is perhaps the subject of another debate for another time. However, we can play our part through fiscal incentives. I recall a recent speech from the former Chief Rabbi Lord Sacks, who spoke about an issue that we often discuss. We pray in aid the fact that we are a party of one nation and that we want to build a country of one

nation. Interestingly, Lord Sacks referred to the fact that there is a growing phenomenon of two nations, which he saw in terms of a failure to support marriage creating two nations with two very different sets of life chances. As the Government build on their strategy, we should not ignore this issue, and immediately the life chances strategy is published I shall be doing research on the word “marriage” and how much we are supporting marriage.

It is important to heed the words of Lord Sacks. He said:

“In Britain today more than a million children will grow up with no contact whatsoever with their fathers. This is creating a divide within societies the like of which has not been seen since Disraeli spoke of ‘two nations’ a century and a half ago. Those who are privileged to grow up in stable loving association with the two people who brought them into being will, on average, be healthier physically and emotionally. They will do better at school and at work. They will have more successful relationships, be happier and live longer.”

We should not allow that to be the preserve of one part of the nation. We can play our part fiscally to ensure that we are not divided and that many gain the opportunities derived from couples being together.

3.30 pm

I want to focus on how we can get more out of the money that the Government have earmarked for the allowance. There was a low take-up, as the Minister mentioned in her opening remarks, but following a good marketing campaign take-up has increased and the millionth application for the allowance will shortly be made. I am sure that basic rate taxpayers watching this debate will want to apply for it if they have not already done so. I am pleased about that, but there has been a huge underspend in the Government's original budget for the transferable allowance, which essentially allocated £495 million to support marriage in the tax system. This is a partial allowance from earlier iterations and there is less transferability, but it is still a significant sum.

There is, however, a gap. The funding that was initially allocated was not taken up. Even if, as the Minister announced today, the millionth couple are about to take up that allowance, that would account for about £210 million, if those couples all keep taking that payment. That is considerably less than half the amount originally allocated for the policy. Given that we are in challenging financial times, how can we get more out of this principled £500 million commitment from the Government? How can we ensure take-up by those who most need it? Can the Government increase the current level of just over £4 a week, and what should the level be?

Like the hon. Member for Ilford North, I am thinking of the Prime Minister's words on the steps of No.10, when she said:

“When it comes to taxes, we'll prioritise not the wealthy, but you.”

We should focus on ordinary working-class families, not only on those who are not taking up the allowance, and on greater incentives for those who are. We need to reduce the financial inaccessibility of marriage for many. I encourage hon. Members to look at new clause 3. It is mindful of current financial constraints and aims to

make better use of the money allocated, targeting it at married couples and civil partners who need that additional support.

A campaign that has been run for many years by CARE and the Centre for Social Justice focuses on married families with children under five. It is those families in particular that the allowance would help. Reports such as “The 1001 Critical Days” have focused on the crucial early days and years. The allowance would promote stability and support child development when it is most needed.

The allowance is a progressive form of tax. Immediately after the Budget, people often ask what the Institute for Fiscal Studies thinks of it. What does the IFS think of the transferable allowance and my new clause? Back in 2010, the IFS made the point that 75% of the benefit from increasing the personal allowance went to the top half of the income distribution band. Raising the personal allowance to £12,500 will place upward pressure on the 75% figure, resulting in an even greater proportion going to the top half of the income distribution band.

I welcome the personal allowance and the commitment to it. That is a wholly good measure, but other forms of allowance such as the transferable allowance should not be seen as a mere bauble. It should be seen in its proper context as progressive and as helping low-income households. The IFS has said that in contrast to the personal allowance, 70% of the benefit of the transferable allowance goes to those in the lower half of the income distribution bands. That is a socially just approach to dealing with allowances. The Government are encouraged to look at that carefully.

I asked the IFS whether it still agreed with the 2010 interpretation of the figures in its analysis. The analysis shows that the beauty of the transferable allowance is that whatever its transferability—whether the small transferability at present, the greater transferability that I encourage the Government to pursue, or indeed 100% transferability—it would help stay-at-home families who are impacted by the present tax burden, particularly the high marginal tax rate. The IFS says that it will continue to result in approximately 70% of the money secured for the transferable allowance going to those in the lower half of the income distribution band. That has to be borne in mind.

I encourage the Government not to look at the marriage tax allowance in isolation as simply a commitment that we have delivered. It needs to be seen in a wider context as part of an international tax comparison. CARE showed that the UK tax burden placed on a one-earner married couple with two children on an average wage is 25% greater than the average across the OECD. By looking at that broader context we can see that we need to support the transferable allowance. The previous Prime Minister thought it was a staging post and that we should increase it. I think we should increase it in terms of money and the percentage of transferability. If we cannot go that far immediately, let us focus on those who would particularly benefit and feel the impact—couples with young children.

Kirsty Blackman: On that point, and particularly on the point about whether parents choose to stay at home or to work, despite the measure that has been put in, I support anything that allows parents to have a choice, or more of a choice, over whether they stay at home to

look after their children or put them in childcare. However, we still have a massive problem with families not being able to make those choices, because childcare is not affordable for them, particularly for those caring for under-fives. Parents are still forced into being stay-at-home parents or taking low-wage jobs at strange hours because of the lack of affordable childcare. Does the hon. Gentleman support measures to change the childcare regime as well as the tax regime relating to this issue?

Mr Burrowes: The hon. Lady tempts me into a wider debate. If the Minister were to respond on this, she would certainly point to the measures on childcare. When one looks at supporting couples with young children, there are other things the Government have been very much involved in to improve the offer. There is work to do on access and affordability, not least, in my constituency, in relation to poor households accessing childcare.

I appreciate the fact that the hon. Lady talked about choice. There is also an issue about choice in that the Government are rightly encouraging as many people as possible to work and to exercise that choice, but it is sometimes an invidious choice for those who would want to stay at home, and the fiscal incentive to do that is not currently there.

There is a huge impact generally across the tax system on single-earner couples, which is not getting sufficient attention, and this proposal for the transferable allowance addresses that. There are lots of other measures across the tax and benefits system that seek to focus support on children, but we must particularly support the benefits of this allowance, which is around couples, marriage and the commitment to marriage and civil partnership.

In conclusion, following the cause of new clause 3 can be a win-win situation for the Government. It not only, obviously, recognises what we do already on marriage in the tax system, but it allows us to get the maximum effect from the Government’s original commitment, which I believe was welcome, but which was somewhat partial in terms of its original intentions. Recognising the financial challenges, I think new clause 3 would ensure that we can seek to remove some of the disincentives to marriage for those who wish to marry; it would help us to support social resilience and help with transferability; and it is also fiscally conservative. In short, new clause 3 is about getting more bang for our buck in supporting marriage and social justice.

Philip Boswell: There are several new clauses on which I intend to speak—most of them briefly—and the first is new clause 18.

New clause 18 calls for a review of the impact of section 24 of the Finance Act 2015. I and my SNP colleagues have concerns that the changes made in section 24 may have adverse consequences on the availability of affordable housing in Scotland and beyond. That legislation seems to be yet another London-centric policy that fails to take account of the diversity of the housing market throughout the UK.

Unlike other parts of the UK, where large rental agencies dominate, Scotland has a disproportionate number of landlords who own a small number of properties. That is hugely beneficial to tenants—particularly those on low incomes—as those small-scale landlords are often more willing to rent properties at an affordable

[Philip Boswell]

price and to those relying on social security as a safety net. Owing to the changes introduced in section 24, we are concerned that those small-scale landlords may be forced drastically to increase rental costs, causing houses to be less affordable, or to sell their properties, potentially resulting in their being purchased by less sympathetic landlords or agencies. Given the UK-wide housing crisis that we are suffering and the rising cost of rented accommodation, it is incredibly important to ensure that landlords who rent at affordable prices and to those who depend on social security as a safety net are not pushed out of the market. New clause 18 therefore calls for a review of the impact of these changes on the availability of affordable housing so that those on lower incomes are not adversely affected.

New clause 6 calls for a review of the VAT treatment of the Scottish Police Authority and the Scottish fire and rescue service. I thank the Minister for her comments and consideration in her introductory remarks. Many in this Chamber may be familiar with the matter of VAT in relation to the Scottish police and fire rescue services, which my colleagues have raised in this House on a number of occasions. This remains an incredibly important matter that this Government have failed properly to address. Since the incorporation of police and fire authorities in 2013, the Scottish Police Authority and the Scottish fire and rescue services have been charged VAT by the UK Treasury. This UK Government have refused to grant an exemption to these vital services in Scotland, despite the fact that since the time of incorporation the HMRC has handed out exemptions to the new transport agency Highways England, and Olympic legacy organisation the London Legacy Development Corporation.

This Tory-backed charge on essential Scottish public services is costing emergency services tens of millions every year that could and should be spent on frontline services. Only in June, it was reported that Scotland's police force has paid £76.5 million in VAT since it was formed three years ago and remains unable to claim this money. It is worth noting that only the Scottish police and fire services have been expected to pay VAT to Her Majesty's Revenue and Customs and not English, Welsh or Northern Irish services. This is a disgrace. It seems absurd and unfair for this Tory UK Government to continually expect the Scottish Government to rectify the matter and cover the difference, especially given the consistent cuts to the pocket money they grant Scotland to run devolved matters. New clause 6 therefore seeks a review of the impacts of the VAT treatment on the Scottish police and Scottish fire and rescue services, including analysis of the impact of the financial position of these services arising from their VAT treatment.

I turn briefly to new clause 15, which seeks to prevent VAT from being increased on the installation of energy-saving materials. I agree with the intent of the right hon. Member for Wokingham (John Redwood) to prevent these VAT increases, if not his methods. This Tory Government have consistently instituted regressive policies in relation to clean energy and energy-efficiency measures, from cuts to the solar subsidies—

Steve McCabe (Birmingham, Selly Oak) (Lab): Does the hon. Gentleman agree that this would be a relatively cheap way of incentivising householders and energy-saving

products in addressing some of the damage that the Government and the previous coalition Government did by, in effect, dismantling the green energy policy they claimed to support at the outset?

Philip Boswell: I thank the hon. Gentleman and agree wholeheartedly with his comments.

From cuts to solar subsidies, to the scrapping of onshore wind, to the scrapping of the green deal for energy for energy-efficient homes that the hon. Gentleman mentioned, to the selling of the UK Green Investment Bank—there are numerous other examples—this austerity-obsessed Government are taking the UK backwards with regard to renewable energy. I fear that with Brexit looming on the horizon this trajectory is set to continue. Given this environment of cuts, it seems logical for the installation of energy-saving materials to be exempt from a hike in VAT, as a bare minimum.

I will now speak to new clause 8 on dividend income. In Committee, my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) tabled an amendment regarding the proposed changes to the treatment of dividend income by HMRC. My colleagues and I feel that this issue has not yet been sufficiently addressed by the Government. We did not press the new clause to a vote at that time so that we could address the matter at a later date, and we do so now. I do not wish to rehash previous points made, but this is a matter of great importance and, as such, we have tabled the new clause. Numerous stakeholder groups raised concerns with the Committee regarding the regressive impact of the changes to dividend income proposed in this Bill, particularly the effect on small and microbusinesses, which employ between one and nine people. Those raising concerns have highlighted that the changes will have a disproportionate effect on microbusinesses run by owner-operators on modest incomes, given that there are already numerous disincentives to running microbusinesses—as opposed to traditional salaried employment—including, but not limited to, a lower level of job security and a lack of employer pension contributions.

3.45 pm

Kirsty Blackman: The Finance Bill was devised prior to the vote to leave the European Union. The measure under discussion will have a disproportionate effect on microbusinesses, so does my hon. Friend agree that the Government should accept our new clause and review the measure in the light of Brexit?

Philip Boswell: I must admit that I have sympathy with all who have reservations about any position taken in this Bill, given that, as my hon. Friend has said, it seeks to implement measures devised prior to the EU vote and therefore fails to provide for an economy that faces the harsh reality of Brexit. I am sure that we all look forward to the autumn or winter statement—whenever it will be—and the redress it will contain, imaginary or otherwise. We will then see, I presume, whether the new Chancellor is as good with imaginary numbers as the previous one was not.

The Federation of Small Businesses has raised serious concerns. It has highlighted that the changes are particularly acute for members of organisations who are on modest incomes. It has further submitted extensive evidence regarding member feedback on the proposed changes.

A number of responses have highlighted concerns from the owners of small and microbusinesses that the changes may mean that they will not be able to continue to employ their small workforces.

In addition, evidence was submitted to the Committee by Jason Kitcat of Crunch Accounting, who has produced excellent work on the matter. I acknowledge that Mr Kitcat has been referenced several times in discussions about the proposed changes, but his analysis is significant and, as such, ought to be raised again. Crunch Accounting has highlighted how the changes as proposed hit lower-earning microbusinesses the hardest. The Government have stated that the changes in dividend income will be offset by planned future changes both to the way in which Her Majesty's Revenue and Customs treats corporations and to personal allowances. However, Crunch has highlighted how those anticipated changes will not fully offset the impact of changes to HMRC's treatment of dividend income for microbusinesses, as proposed by the Bill. In addition, Crunch has highlighted how measures cited by Ministers, such as changes to employment allowances and the annual investment allowance, are rarely available to microbusinesses, as they have little capital investment requirements.

I stress that the importance of small and medium-sized enterprises to the Scottish and UK economy cannot be overstated. There are few things on which I agree with the Prime Minister, but I do agree with her statement last month that

“small and medium sized businesses are the backbone of our country.”

I further welcome her indication in the same speech that she intends to listen to smaller firms. However, I am concerned that, despite that profession from the Prime Minister, the regressive changes to dividend income will not only disincentivise new SMEs from forming, but have the potential to cause existing microbusinesses to fail.

It is essential to note the number of SMEs that are categorised as microbusinesses. The UK is home to 5.2 million microbusinesses, which employ 8.4 million people. In Scotland, microbusinesses play an essential role in the economy. According to recent Scottish Government statistics, 99% of businesses in Scotland are categorised as SMEs, the vast majority of which are microbusinesses. Overall, microbusinesses comprise 81.5% of the businesses in Scotland. The figures are similar for the UK as a whole. According to House of Commons Library research in late 2015, 99% of businesses UK-wide are categorised as SMEs, 95% of which are microbusinesses.

Microbusinesses are essential and central to the functioning of both local and national economies. Given that microbusinesses make up the vast majority of businesses in Scotland and UK-wide, I find it absolutely staggering that HMRC does not make an assessment of microbusinesses as a separate group. Given the prevalence of microbusinesses throughout the economy, it does not seem on this matter as though the Government have listened to the concerns of smaller firms, despite last month's proclamations from the Prime Minister.

When my hon. Friend the Member for Kirkcaldy and Cowdenbeath (Roger Mullin) introduced the original SNP amendment regarding the proposed changes to the way in which HMRC treats dividend income, the response he received to his concerns about microbusinesses was that

“the Government have considered the general economic impact of the changes...the measure is not expected to have any significant macroeconomic impacts.”—[*Official Report, Finance Bill Public Bill Committee*, 30 June 2016; c. 18.]

This statement taken alone is staggering, given that, as I have stated, 94% of businesses in the UK are categorised as microbusinesses. I fail to see how introducing a change that principally impacts microbusinesses would not be expected to have any significant macroeconomic impact.

The Minister stated in her introductory remarks that we do not yet know the impact of such legislation. I would like to highlight oral evidence given to a Committee of the other place on 8 February 2016 by Cerys MacDonald, the deputy director of personal tax at HMRC. When asked by the Chairman about the impact of these changes on microbusinesses, Ms MacDonald stated:

“I can assure the Committee that we recognise that the dividend tax changes will mean that a lot of people in owner-managed businesses are now paying a higher level of tax than previously, despite the benefit that they will see in the reduction of the corporate tax rate.”

Those two statements seem to me to be at variance with each other. Do the Government believe, as indicated by the Chief Secretary to the Treasury that the proposed changes to dividend income will not significantly impact on microbusinesses? Or do they believe, as indicated by Ms MacDonald of HMRC, that the changes will impact on owner-managed businesses, despite the planned future change to the corporate rate?

Given the uncertainty surrounding the inconsistent responses from Government, coupled with substantial evidence from the Federation of Small Businesses, Crunch Accounting and others, it seems as though the Government have not fully and comprehensively considered the impact of the proposed changes on small and microbusinesses—the backbone of our economy, as I am sure we all agree.

New clause 8 would require the Government to conduct a review of the impact of the changes on microbusinesses, including the impact on the failure rate of microbusinesses and the options for minimising the impact of the changes on directors who are on low incomes. I therefore advise hon. Members that we will press new clause 8 to a Division.

Fiona Bruce (Congleton) (Con): I rise to support new clauses 2 and 3, the social justice arguments for which, in support of some of the most vulnerable individuals and families in our society, have been so eloquently and comprehensively set out by my hon. Friend the Member for Enfield, Southgate (Mr Burrowes) that, although I had prepared speeches on both new clauses, there is no need for me to take up the House's time to echo what he has already said. I therefore simply put on record my full support for what he said, and I ask to be identified with his remarks.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): I rise to support amendment 141, which is in my name and those of my hon. and right hon. Friends. I am extremely grateful to Mr Speaker for selecting my amendment, and I would also like to place on the record my thanks to the Public Bill Office, whose advice and help on the matter have been greatly appreciated by me and my office.

[Jonathan Reynolds]

I hope that the amendment will find agreement on both sides of the House, and I hope that the Government will not oppose it. The amendment would establish a very small tax exemption for residual cash balances that remain in an employee share incentive plan when an employee leaves such a plan. A residual cash balance is a sum of money, insufficient on its own to buy a single share that month, which would usually be carried over to the next month but which has to be refunded if an employee leaves the scheme. I propose that that balance, capped at a maximum of £10, would instead be donated to charity. That would have the added advantage of reducing costly and burdensome processing by company payroll departments.

Share incentive plans are a good and tax-efficient way to save for the future, and many employees take them up. I believe we should encourage employee share ownership. When an employee leaves a share investment plan, there is commonly a cash residual amount remaining in the account; often, it is just a few pence or a few pounds. When the employee chooses to leave the plan—that is mandatory if the participant leaves the company's employment—the cash residual can no longer be carried forward. Under the current system, any remaining cash held in the plan when the employee leaves the plan is required to be processed, via the employer's payroll, to apply national insurance contributions and income tax via PAYE and to pay the net balance to the employee. This process typically costs between £2 and £9, but provides little benefit to the individual receiving such a small amount.

Furthermore, the benefit to the Exchequer is far less than the total cost to companies of administering these payments, with companies paying almost twice as much to process the payments as the Treasury actually receives. To put that into numbers for the ease of Members in the Chamber, it is estimated that the administration costs for companies are between £400,000 and £500,000, while the benefit to the Treasury is just £200,000. If amendment 141 was accepted, charities and good causes would benefit by about £360,000, on top of the savings that companies would make.

There is a precedent for such a change. There are already examples of situations in which HMRC has agreed to individual exemptions to share incentive plan providers, which are currently based on specific requests assessed case by case. There is an appetite for this change among share investment plan providers and HMRC. Amendment 141 would be only a very small change to this Bill compared with what it covers, but it is one that could bring benefits both to companies and to charities and good causes, while at the same time supporting share investment plans by removing a costly and bureaucratic part of the system. The amendment would also help to simplify the tax system and encourage more charitable giving, both of which are stated priorities for this Government and would be priorities for any Government.

I was very pleased and heartened yesterday when the Government accepted amendment 145 in the name of my right hon. Friend the Member for Don Valley (Caroline Flint). I sincerely hope that the Minister will accept this amendment and that we can achieve the same result today. If she does not say she will accept it,

I will seek to divide the House, but I can genuinely see no reason why the Government would not want the amendment to be agreed to.

Michael Tomlinson (Mid Dorset and North Poole) (Con): It is a great pleasure to follow the hon. Member for Stalybridge and Hyde (Jonathan Reynolds). I rise to support new clause 3, to which I have added my name. I, too, agree with everything said by my hon. Friend the Member for Enfield, Southgate (Mr Burrowes). I cannot promise to be quite as brief as my hon. Friend the Member for Congleton (Fiona Bruce), because I wish to add one or two remarks of my own.

The fundamental problem is that family breakdown costs a staggering £47 billion per annum, according to the latest figures. Quite apart from the consequential social dislocation and pain that it causes, it is also undermining the British economy. Of huge importance is the fact that most breakdowns do not arise from divorce, but from the ending of relationships in which the couples concerned have not made to each other the public, exclusive and legal commitment that is marriage. Where they do make such a commitment, their relationships—not surprisingly—are far more likely to be stable.

In this context, there remains a massive public policy imperative to ask whether we are doing anything to make marriage less accessible than in other similarly developed countries. We are unusual in this country in having failed until recently to recognise marriage in our income tax system. The solution initially proposed was for a full transferable allowance, but in the event a transferable allowance of only 10% was enacted. A statistic that has already been mentioned but bears repeating is that the tax burden on one-earner married couples with two children on the average wage is 25% greater than the OECD average. The allowance is not making marriage more accessible in a meaningful way. In this context, it is no surprise that the take-up of the allowance has been so low, although the Minister welcomed the fact that the figure is moving in the right direction.

In going forward, two things could be done. First, if it is not possible in the short term to have a full transferable allowance, we should at least ensure that some married families on the basic rate receive a meaningful transferable allowance. Given that the research is so clear that child development is greatly enhanced by the presence of both mother and father in the family home and given the fact that the public policy benefits of marriage are so well developed, a full transferable allowance for married couples with children under five might be a good place to start.

Secondly, perhaps in the slightly longer term we could work towards the full transferable allowance for married couples generally. Of course that would not be cheap, but it would be considerably cheaper than the current cost of £47 billion. It would promote choice by removing obstacles to marriage. As has been pointed out, it is very much about promoting the life chances agenda. I look forward to the Minister saying one or two more words about this matter in her closing remarks.

4 pm

Mark Durkan (Foyle) (SDLP): I have a couple of questions about Government new clause 9, which relates specifically to Northern Ireland and the tax treatment

of supplementary welfare payments that might be made there, but before I come on to that I want to acknowledge some of the other amendments before us.

The hon. Members for Stalybridge and Hyde (Jonathan Reynolds) and for Wolverhampton South West (Rob Marris) spoke persuasively about amendment 141. The question that arises is: why would the Government and Parliament not do what is proposed in that amendment?

Similarly, on new clause 19, which was tabled by the hon. Member for Ilford North (Wes Streeting), it is hugely important that this Parliament is in the business of making sure that there is transparency in our debates. Yesterday, the emphasis was on making sure that there was transparency in the tax affairs of companies. We as a Parliament should insist that we show full transparency in our intent on tax policy and taxation measures.

New clause 19 would take us back to having transparency on the anticipated impact of taxation on families and households of different incomes. There would also be an analysis later in the year of what the impact of particular tax policies and the cumulative impact of various tax policies had been. Surely that is what we should all be in the business of doing when we go through the complicated and confusing exercise of having the various stages of Budget debates here. One thing we all value is knowing what the impact of what we are talking about will be.

I was in this House when a Labour Government adopted a misguided Budget measure in respect of the 10p tax band. A number of Labour Members raised the alarm and said that there would be an adverse impact on people of low income. The Government briefed heavily that that was nonsense and people were marched through the Lobbies. Similarly, we had the recent experience of the proposed changes to working tax credit. People were celebrating the changes and thought they were wonderful, having believed the Chancellor's spin. Thankfully, not only Opposition Members but Conservative Members raised real and practical concerns about what the impact would be.

Why would it be wrong to follow new clause 19 and ensure that in all our Budget deliberations in future there is an effort to have a properly appraised impact assessment for taxation measures? That would allow us to answer not the question that is usually asked immediately after a Budget, which is what credit particular MPs or Ministers should get for what measures—that is not really what a Budget is about—but that of who gets the benefit in terms of fairness, social equity and the efficiency of economic impact that that induces. For those reasons, I fully support new clause 19.

Similarly, many hon. Members have made the case for new clause 15. Many of them have made the straightforward point that it would be almost perverse for the Government to refuse a new clause that would preclude an increase in VAT on the installation of energy-saving materials. I know the Government will say that it is otiose because they have no intention of increasing it, but over the past few years, we have experienced the Government adopting a series of perverse measures that have confounded the underlying policy commitments in respect of the green economy, renewables and energy efficiency. Given that the Government have introduced so many measures that have had a perverse

effect on that sector and an adverse impact on households, it makes sense to have the belt and braces of new clause 15. I cannot see what is wrong with that.

I also note in passing—and at the risk of another voice-activated intervention—that when the right hon. Member for Wokingham (John Redwood) sought to contradict the Financial Secretary's earlier comments, he cited what he thought was a point of clarity in the Brexit Secretary's performance yesterday. He is the first Member to have offered me any point of clarity from that performance, which I thought demonstrated the new Secretary of State's wish to be the first Minister to fulfil the new Government policy on environmental sensitivity, given that he treated us to more than two hours of cosmetics without a single microbead of substance.

The lead measure in this group, new clause 9, refers specifically to Northern Ireland. It deals with the ability there will be for the Northern Ireland Assembly to make additional supplementary payments as mitigation measures to offset some of the impact of the welfare reform measures now being imposed by direct rule from this House, courtesy of the so-called "Fresh Start" agreement. My party expressed our misgivings about and opposition to that overall arrangement, with regard to direct rule powers and the imposition of the effects of welfare reform legislation on Northern Ireland. However, we have long canvassed for mitigation and supplementary payments, and established that case with the Department for Work and Pensions early in 2012.

The one concern people will have about new clause 9 is with the language used. Although in the new clause the Government clearly provide for the Treasury to ensure that

"no liability to income tax arises on supplementary welfare payments of a specified description"

they also allow the Treasury to make regulations to

"impose a charge to income tax under Part 10 of ITEPA 2003 on payments of a specified description".

The power is there to make sure that the Treasury does not activate a tax liability on supplementary payments that have been discussed and voted through by the Assembly but there also seems to be a power to subject some of those payments to tax.

I wonder why the Treasury feels the need to have that reserve power to impose a tax liability on such payments. We should remember that those payments will be made out of the Executive's own resources in the devolved budget, because they come out of the departmental expenditure limit for the Assembly. The payments will not come under annually managed expenditure.

Why is that power there? Many people will be concerned that the Treasury will attempt to insinuate itself into any debate among Executive or Assembly parties about what measures they should adopt in mitigation of welfare reform by saying that it may subject some of those measures to a tax clawback. That is clear from subsection (3) of the new clause, and also from looking at subsection (4), which will permit the Treasury's regulations to

"make...different provision for different cases...incidental or supplementary provision"

or "consequential provision". That differential raises the question of why we want to reserve the power to impose tax on measures that the Executive or Assembly seek to bring forward and why the Treasury should be able to do so differently on a case-by-case basis, as that

[Mark Durkan]

will give rise to arguments about inequity and capricious performance. The suspicion is that the Treasury sought to answer the stand-off on welfare reform in the Northern Ireland Assembly. The Assembly would not discharge the karaoke legislation it was being asked to pass in relation to welfare reform. The Treasury intervened by saying, “If you don’t pass it, we will effectively tax your devolved budget to the tune of what we estimate you would be overspending on welfare.” The Treasury insinuated itself into what should have been a debate for the devolved Assembly.

The danger is that now, even in the area of the mitigating powers—the supplementary payments the Assembly will be able to offer, as provided for in the “Fresh Start” agreement—the Treasury could, in the language of the new clause, insinuate itself in the choices and consideration undertaken by the Executive and Assembly. The Treasury’s past form shows that it has not resisted the temptation to insinuate itself. I therefore want assurance from the Financial Secretary that this language will not be there to give the Treasury the right to interfere in the choices that may be made by Ministers and Committees in the Assembly in respect of the supplementary payments they would be allowed to bring forward.

Jim Shannon (Strangford) (DUP): I commend all hon. Members who have made very valuable contributions, in particular the hon. Member for Enfield, Southgate (Mr Burrowes). He is no longer in his place, but I would like to speak to his presentation on new clause 3. He set out clearly where we stand.

I want to put on record again the consistent support of the Democratic Unionist party for the provision of the transferable allowance for married couples. I remember the hon. Member for Congleton (Fiona Bruce) and I taking some verbal attacks in this Chamber—mostly from the Opposition Benches, I have to say—for our stance on this issue, but we persevered and the Government persevered. I thank the Government for bringing in the provision in their previous term. I had hoped there would have been some indication that the Government could support new clause 3. I understand, after talking to the hon. Member for Enfield, Southgate, that he will not press it to a Division. If that is the case, we have to abide by that.

The sadness for me is that the Government have, until today, chosen to invest the lion’s share of their resources in their other income tax policy of raising the personal allowance. It is undoubtedly true that that policy helps poorer families, but it is very badly targeted. If I may say so in a respectful way, it seems to be targeted at those who can well afford it, as against those who cannot. I have to put on record that I have some concerns about that. The Institute for Fiscal Studies has demonstrated that 75% of the benefit—and now, as the allowance is being raised from £10,000 to £12,500, even more than 75% of the benefit—goes to those in the top half of the income distribution. That is what the available statistics and charts indicate and I have to say they are very stark. They indicate an imbalance in the system that, as the hon. Gentleman clearly stated, is a concern.

Fiona Bruce: There is another imbalance in the system. I do not know whether the hon. Gentleman is aware that the married couple’s allowance, which provides

support to married couples where at least one spouse was born before April 1935, is worth £8,355 a year. Should we not also be looking at providing for those families with young children who are in the lowest socioeconomic bracket and supporting them similarly?

Jim Shannon: I could not agree more and I would like to make a comment on that later. New clause 3 clearly outlines the importance of that, but unfortunately we do not have the opportunity to support it today. I am sure the Minister, who knows I respect her greatly, will be able to respond to some of our concerns.

The IFS has demonstrated that, in contrast to the personal allowance, the transferable allowance results in 70% of the benefit going to those in the bottom half of the income distribution. The problem is that so far this has received only symbolic recognition. That has had two effects. First, the fundamental marriage accessibility challenge has not really been addressed, which is a massive issue given the impact on life chances of being brought up in a married home compared with a non-married home. Secondly, the very limited symbolic recognition has translated into low take-up. Given the distributional impact of the two tax policies and the impact of the transferable allowance on life chances, I have to say that if the Government are to have one symbolic policy and one substantive policy, they have got it the wrong way around. I say that with great respect. It would have been wiser to focus investment on the transferable allowance rather than redistribute billions to those in the top half of the income scale by raising personal allowances. I believe that we urgently need to change that. If the allowance cannot be made generally available to basic rate married couples, it should be focused, as the hon. Member for Congleton said, on families with children under five.

4.15 pm

The review proposed in new clause 3 would deal first with the

“level of take-up of the allowance”.

I understand that the Minister has indicated some willingness to set targets for the level of take-up. I ask her to do that, if possible, because it would enable those who have not taken advantage of the married tax allowance to do so. The hon. Member for Congleton referred to the review addressing

“the impact of the allowance on individuals with children aged five years or under”.

We—and when I say “we”, I mean this Government and this House—should focus on families with children aged five or under, because it is in that group that child poverty is growing right across the United Kingdom of Great Britain and Northern Ireland. I am greatly concerned about, because child poverty levels in my region of Northern Ireland are the highest—a fact that cannot be ignored. We must do something to address this issue.

Fiona Bruce: Is the hon. Gentleman aware that the highest levels of marriage breakdown occur when children are aged between nought and three? We are looking to support marriage at just that moment of greatest strain.

Jim Shannon: As always, the hon. Lady is wise in her interventions. I thank her for what she said, which underlines other important issues. If we can help at that

critical time when the pressure is on, I believe that this House should do so. I hope that the Minister will do so, too, in her response.

The impact of the allowance on low-income households also needs to be addressed, as new clause 3 proposes. I hope we can do that at the right time. The new clause refers finally to

“ways in which the allowance could be changed to target low-income families with young children.”

Those points clearly illustrate for me what is necessary in this Bill, although the provisions may not be as hard and fast as I would like them to be.

Let me conclude; I am conscious of the time. In the longer term, there is a pressing need to adopt a more balanced approach to the resourcing of raising the personal allowance and increasing the transferable allowance. I fully support the transferable allowance and I would have hoped that the Government could commit themselves to it. Speaking as someone committed to progressive tax policy which targets those in the lower half of the income distribution scales rather than those in the top half, if the proposal means less money going to the personal allowance, in my judgment and, I believe, in the judgment of many in this House, that would be no bad thing.

Rebecca Long Bailey: I wish to speak to new clauses 15 and 19, and amendments 141 and 180 to 182, which were tabled in my name and those of my hon. Friends. I shall also touch on a few of the other amendments and new clauses in the group, which has turned into a bit of a rag-bag of issues.

New clause 15 relates to VAT on energy-saving materials. The new clause would prohibit the making of any order that would have the effect of raising the rate of VAT on the installation of energy-saving materials or any individual category thereof. In short, it would prevent the Government from implementing their planned hike in VAT through secondary legislation.

For hon. Members who might have forgotten the background, let me briefly recap how our ability to debate this amendment today came about. Amid the fallout from the so-called “ultra-shambles” Budget, the Government were forced to become the first in history, so far as I am aware, to accept an Opposition amendment to their Budget. It was designed to block the Government’s planned 300% increase in VAT on solar panels and energy-saving materials—essentially a green energy tax hike. The solar tax alone would add £1,000 to the cost of a household solar energy installation, punishing those who are trying to do the right thing and do their bit to halt climate change. It would also put at risk thousands of jobs in an industry that is already expected to experience up to 18,700 job losses, as was conceded by the former Energy Secretary, and this tax raid would have caused even more damage. For those reasons, we tabled an amendment to the Budget to enable the Chancellor to use the Finance Bill to maintain the current rate of VAT on green energy and home insulation.

The Government initially claimed that a European Court ruling prevented them from stopping the tax hike, although it was apparent that they had failed to negotiate at European level to protect the renewables industry. None the less, the industry made very clear that there was room, even within the ruling, to avoid the

drastic measures that they were planning to impose. When that led to a significant number of Conservative Members adding their weight to calls from Opposition Members, it appeared that the Government would be defeated on the issue. Ministers initially backed down, claiming that what we were proposing had been their position all along, only to avoid making such a commitment when pressed during Treasury questions and, just a few weeks later, during questions to the Secretary of State for the now abolished Department of Energy and Climate Change.

That is not surprising, given the Government’s abysmal failure to provide any kind of certainty for the renewable energy sector in the United Kingdom. Over the past six years, they have consistently undermined support by, for instance, cutting the feed-in tariff by 64%, scrapping tax relief for clean energy projects, and removing subsidies for new onshore wind farms. The £1 billion for investment in carbon capture and storage has also been scrapped. At the same time, safeguards to reduce the environmental risks posed by fracking have been stripped away, and fracking under national parks has been given the go-ahead. The executive director of Greenpeace UK put it succinctly recently, saying:

“A tax hike on solar panels was just the latest addition to a litany of poor decisions”.

He also said that the Government should accept that they had

“a reverse Midas touch on energy investment”.

This would be an opportune time for the new Chancellor and his team to signal a change of direction by accepting our new clause, but I fear that, given the abolition of the Department of Energy and Climate Change, the Conservative party’s husky-hugging days are long gone. I am pleased, however, that the Government have finally seen fit to publish the report by the Committee on Climate Change on the compatibility of UK onshore petroleum with meeting the UK’s carbon budgets. I can see now why they sat on it for four months.

The report states:

“Our assessment is...that onshore petroleum extraction on a significant scale is not compatible with UK climate targets”.

That, it says, will remain the case unless three key tests are met: first,

“Well development, production and decommissioning emissions must be strictly limited”;

secondly,

“gas consumption must remain in line with carbon budgets requirements”;

and thirdly, the report specifies the importance of

“Accommodating shale gas production emissions within carbon budgets.”

Does the Minister agree, therefore, that tighter safeguards in fracking—for which Labour consistently called during the passage of the Bill that became the Energy Act 2016—are now absolutely necessary?

I digress. Let me conclude my remarks about new clause 15. Opposition Members want to ensure that the original solar tax U-turn is guaranteed in statute in the Finance Bill, to prevent a second U-turn. That would give the renewable energy market the certainty that it needs and deserves, and would, we hope, send a signal that the new Administration are prepared to look again at the future of the industry in a green economy. If we

[Rebecca Long Bailey]

are to take seriously the intention of the new Ministers to rethink these fundamental issues, now is the time for them to show it.

New clause 19 was tabled by my hon. Friend the Member for Ilford North (Wes Streeting). As my hon. Friend explained so articulately, it would require the Government to review the impact of the measures in the Bill on households at different levels of income. It would also require the Chancellor to review the impact of Government fiscal measures on households at different levels of income at least once in each financial year. It is an excellent new clause, and it has the full support of the Labour Front Bench.

As I pressed on the Government earlier today in the capital gains tax debate and yesterday on corporation tax, this Bill has unfairness at its very core. The reduction in CGT alone amounts to a tax giveaway to 200,000 people—just 0.3% of the population—of around £3,000 a year on average. Clearly this Government conduct no distributional analysis of the measures they introduce, or if they do the results are so bad that they do not publish them. This amendment would force the Government to publish such analysis, and therefore I am pleased to have heard the Minister's earlier comments; it seems that the Government are seriously considering this matter and I hope she takes it forward.

Amendments 180 to 182 specify that the chair and tax director of the OTS would be appointed and terminated only with the consent of the Treasury Committee, in line with what happens with the Office for Budget Responsibility. A similar Labour amendment, which would have had the same effect, was debated in the Public Bill Committee, but we did not divide the Committee on it. During the course of that debate I made the point that while Labour supports establishing the OTS on a statutory footing, we feel its independence is of the utmost importance. As I am sure the Minister is aware, Labour has placed on record our concerns about the OTS potentially being used for political purposes, and ensuring that the chair and tax director is accountable to the Treasury Committee seems a sensible approach to safeguarding its impartiality. Again, I am pleased to hear today that the Minister seems to be taking our opinions and those expressed in the House today seriously.

Amendment 141 would introduce a *de minimis* tax exemption for residual cash balances remaining in a share incentive plan when they are donated to charity, with an upper cap of £10. This seems like an extremely sensible suggestion, and the Labour Front Bench is supportive of the amendment. I congratulate my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds) on tabling it and explaining it so articulately.

I shall say a few quick words on new clause 8 in the name of the hon. Members for Kirkcaldy and Cowdenbeath (Roger Mullin), for Aberdeen North (Kirsty Blackman) and for Coatbridge, Chryston and Bellshill (Philip Boswell). This new clause would require a review of how the changes to the tax on dividend income will affect directors of microbusinesses. There are some concerns, as we have heard today, that the changes to dividend taxation will have a detrimental effect on the owners of microbusinesses. Jason Kitcat, who has become quite famous today, has done some detailed analysis which shows that the dividend tax changes included in clause 5

and schedule 1 are somewhat regressive in nature. For instance, Crunch analysis shows that a limited company director paying themselves through dividends would be paying £1,528 more a year when their pre-tax profits are £48,000, whereas a director with £78,000 in pre-tax profits would only be paying £1,343 more in tax.

The Federation of Small Businesses has also stated that these measures have caused substantial disquiet among its members. This is especially acute for members on modest incomes who, unlike their employed counterparts, will now see a rise in their tax liabilities. This is very worrying and indeed makes the case for distributional analysis, referred to in relation to new clause 19, even more important. A review of the impact of these measures therefore seems quite sensible at this stage and we will support the SNP if it divides the House on this issue.

Finally, Government new clause 9 relates to the tax treatment of supplementary welfare payments in Northern Ireland. The Low Incomes Tax Reform Group has outlined some technical points for clarification on which I hope the Minister can shed some light: in essence, which payments will be taxable? The Budget said:

“Where the Northern Ireland Executive intends to top-up UK-wide benefits from within its block grant as it implements welfare reform, the Government will exempt from tax the top-up payments to non-taxable benefits.”

The implication, confirmed in the explanatory notes to the amendment, is that top-ups to taxable benefits will be taxable as well. However, if we take the payments to mitigate the impact of time-limiting contribution-based employment support allowance it seems that two situations are possible. One is that the person's contribution-based ESA ends and they claim, or are already getting, income-related ESA. If the income-related ESA awarded is less than the person would have received through contribution-based ESA, they will receive a welfare supplementary payment to cover the difference. The second possibility is that their contribution-based ESA ends but they do not get income-related ESA, in which case the WSP will equal the full amount of the lost contribution-based ESA.

4.30 pm

This is not really a top-up of an existing benefit in either case. In the first case, the difference between income-related ESA and what the person would have received under contribution-based ESA is given as a supplementary payment. In the second case, the supplementary payment replaces the lost contribution-based ESA in its entirety. Will the Minister tell the House whether, if the supplementary payment is replacing a taxable benefit, it will be taxable? This is a very technical area, so I would be grateful if she wrote to me to clarify the position following the debate.

In conclusion, I return to the question of the VAT treatment of energy-saving materials. The 5% reduced rate must be kept. It is good for the renewables energy sector, which needs stability, and putting that commitment into statute today would be a good start. I shall therefore divide the House on new clause 15.

Jane Ellison: The hon. Lady referred to the issues that we have debated this afternoon as a “rag-bag”, but I think that is a bit unkind. I prefer to describe the debate as a smorgasbord of wide-ranging issues and thoughtful

speeches. I shall not repeat my opening remarks, but I shall try to add something to each of the areas where it is relevant to do so, in no particular order.

I thank the hon. Member for Ilford North (Wes Streeting), who is no longer in his place, for welcoming the fact that the Chancellor is looking at the issue of distribution analysis, as he said he would in his letter to the Select Committee Chairman. We will comment further on that in due course. As a result, the hon. Gentleman decided not to press new clause 19 to a vote. *[Interruption.]* Ah, the hon. Member for Wolverhampton South West (Rob Marris) has returned to his place just as I was about to be nice about him. He must instinctively have known that I was going to thank him for his wide-ranging contribution to the debate. He presented me with some fair challenges as a new Minister. He also made some interesting points about tax simplification. I am due to have a meeting with the Office of Tax Simplification shortly, and he has certainly given me food for thought for my agenda. I reiterate that the Bill will put the OTS on a statutory footing, which I believe indicates the seriousness with which we take its work.

This has been a probing debate. My hon. Friend the Member for Enfield, Southgate (Mr Burrowes) is now on Select Committee duties and therefore unable to return to his place in the Chamber, but he made an interesting contribution on an issue that I know all too well—that of high-strength alcohol. This is something that needs to be looked at in the round, but I can assure him, given my three years in the job that I did before this one, that I take the matter very seriously. He was also generous enough to note, correctly, that the Department of Health has had a good deal of success, working with manufacturers, in reducing the number of very high-strength products on the market. I also note the discussion that took place about silver linings, in which varying views were expressed. I am sure that we will give further thought to these matters in due course. My hon. Friend the Member for Congleton (Fiona Bruce) and others also stressed the matter of the cost to society of some of those products.

My hon. Friend the Member for Enfield, Southgate also talked about the marriage allowance. I want it to be clear that the Government's focus is on delivering the existing policy, but I did mention in my introductory remarks that a quarter of those who benefit are households with children. We do not want to create a two-track marriage system within the allowance, but the Government are none the less committed to helping low-income households and those with young children through a wide range of other policies including, for example, tax-free childcare and the new national living wage.

I want to add that the online application process for the marriage allowance takes only seven minutes. I call upon the hon. Member for Strangford (Jim Shannon) and my hon. Friends the Members for Congleton and for Enfield, Southgate and others who have an interest in this matter to assist us and promote it. I found in some of my summer recess meetings with groups in my constituency that awareness of the marriage allowance is low. It is of real benefit to lower-income married couples and all Members can contribute to promoting awareness and take up of it. None the less, I reassure all colleagues—my hon. Friend the Member for Mid Dorset and North Poole (Michael Tomlinson) also spoke about this—that I will continue to look closely at take-up with

HMRC. I also suggest that promoting the personal tax account is another good way of promoting the take-up of the allowance, because when appropriate people take up a personal tax account they can get a nudge to apply. I reiterate that HMRC will receive the millionth application next month, putting us on course to meet the OBR's revised forecast for take-up this year.

I have already mentioned the seriousness with which we take the Office of Tax Simplification, but it is worth noting that the recommendations led to the introduction of cash-based accounting for tax. One million self-employed individuals took that up in the first year alone, so those recommendations were important.

I appreciate the intention behind amendment 141 tabled by the hon. Member for Stalybridge and Hyde (Jonathan Reynolds), but I said that the Government feel that the change would add additional complexity; I do not think he agrees with that. We have received no indication that fewer companies are making use of share incentive plans due to the administrative cost mentioned by the Opposition, but we will keep that under review. To tease out why our views differ on how the scheme might work and why the Government feel that the idea needs further development, if the hon. Gentleman is willing not to press the amendment, I am happy to meet him to discuss the matter and to understand why he feels that way.

Jonathan Reynolds: I thank the Minister for those comments. I have a small sense of frustration as I believe that nearly every Conservative Member—indeed, all Members—would back the change on its merits, but I understand that Ministers have limited room for manoeuvre at the Dispatch Box, so I will accept that offer in good faith and will not press the amendment.

Jane Ellison: I thank the hon. Gentleman for that and look forward to our meeting.

Several Members spoke about new clause 15, including my right hon. Friend the Member for Wokingham (John Redwood) and the hon. Member for Salford and Eccles, and I reiterate that nothing would be achieved that is not already achieved by the Government's tax lock. The reduced rate of 5% has applied to installations of energy-saving materials since 2001 and that rate remains in place and unchanged. As for the wider issues about European Union VAT and excise systems, we are considering a range of issues as we look to exit the European Union.

On new clause 19, as I said, we feel that the tax lock, for which we have already legislated, actually goes further by preventing the use of secondary legislation, about which the hon. Member for Salford and Eccles was worried.

Turning to new clause 18, I will repeat to the hon. Member for Coatbridge, Chryston and Bellshill (Philip Boswell) what I said in my opening remarks: the Government do not expect the measure to have a large impact on rents due to the small proportion of the housing market affected—around one in five individual landlords.

On the SNP's new clause 8 and the points made about the changes to dividend tax, I reiterate that the way in which such changes affect small and microbusinesses cannot be looked at in isolation. The Government take

[Jane Ellison]

the concerns of microbusinesses incredibly seriously—I met the Federation of Small Businesses only last week, for example. As for listening to the concerns of microbusinesses, I point hon. Members to the changes made to the Government’s “Making Tax Digital” consultation documents as evidence of our sensitivity to such concerns and we look to respond to them when we can. It is important to note that we believe the dividend tax is still progressive overall, and individuals with higher incomes will still pay a higher rate of tax on their dividends.

On the wider changes to small businesses and microbusinesses, I point the hon. Gentleman to Budget 2016 in particular, as it is introducing the biggest ever business rate reduction, worth £6.7 billion. It has yet to come into force, but it will make a very significant difference to a very large number of microbusinesses across all our constituencies.

Lastly, I hope to answer the highly technical point made by the hon. Member for Salford and Eccles, as well as the point made by the hon. Member for Foyle (Mark Durkan). Government new clause 9 will exempt from income tax supplementary payments that mitigate tax-exempt benefits paid by the Northern Ireland Executive. Any supplementary payments that mitigate tax benefits will themselves be taxable. As a result, all supplementary payments will be taxed in the same manner as the benefits they are mitigating, to ensure fairness and consistency with the tax system. I was asked whether the power being taken in this Finance Bill would be used more widely. No, the power being taken in this Bill will be restricted to only allowing for the tax status of the Northern Ireland supplementary payments to be established in regulations. Full welfare devolution has always been part of Northern Ireland’s devolution settlement. I hope that adds some clarity.

This has been a wide-ranging debate. We have touched on some good issues and found some common ground. The measures in this Finance Bill will benefit working people, boost UK businesses, and take on tax evasion and avoidance. In the days we have spent on Report, and during the Bill’s earlier stages, we have debated many aspects of it thoroughly, and on Third Reading the House will have a final opportunity to consider the Bill as a whole. At that point, I will set out the main reforms for which the Bill legislates, but I hope that this afternoon’s discussion has been helpful and that my responses to points have helped the various Members who raised them.

Question put and agreed to.

New clause 9 accordingly read a Second time, and added to the Bill.

New Clause 8

REVIEW OF CHANGES TO TAX ON DIVIDEND INCOME

(1) The Chancellor of the Exchequer must commission a review of how the changes to the tax on dividend income implemented by this Act affect directors of micro-business companies, to include—

- (a) the impacts across the distribution of such directors’ net income;
- (b) the impact on company failure rates; and
- (c) options for amending the law to minimise the impact

on such directors who are on low incomes.

(2) The Chancellor must lay a report of the review before both Houses of Parliament within six months of the passing of this Act.—(*Philip Boswell.*)

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House divided: Ayes 261, Noes 309.

Division No. 59]

[4.42 pm

AYES

Abbott, Ms Diane	Day, Martyn
Abrahams, Debbie	De Piero, Gloria
Ahmed-Sheikh, Ms Tasmina	Debbonaire, Thangam
Allin-Khan, Dr Rosena	Docherty-Hughes, Martin
Anderson, Mr David	Donaldson, Stuart Blair
Arkless, Richard	Doughty, Stephen
Ashworth, Jonathan	Dowd, Jim
Bailey, Mr Adrian	Dowd, Peter
Bardell, Hannah	Dromey, Jack
Barron, rh Kevin	Dugher, Michael
Beckett, rh Margaret	Durkan, Mark
Benn, rh Hilary	Eagle, Ms Angela
Berger, Luciana	Eagle, Maria
Betts, Mr Clive	Edwards, Jonathan
Black, Mhairi	Efford, Clive
Blackford, Ian	Elliott, Julie
Blackman, Kirsty	Elliott, Tom
Blackman-Woods, Dr Roberta	Ellman, Mrs Louise
Blenkinsop, Tom	Elmore, Chris
Blomfield, Paul	Esterson, Bill
Boswell, Philip	Evans, Chris
Bradshaw, rh Mr Ben	Farrelly, Paul
Brake, rh Tom	Fellows, Marion
Brennan, Kevin	Ferrier, Margaret
Brock, Deidre	Field, rh Frank
Brown, Alan	Fitzpatrick, Jim
Brown, rh Mr Nicholas	Fletcher, Colleen
Bryant, Chris	Flynn, Paul
Buck, Ms Karen	Fovargue, Yvonne
Burden, Richard	Foxcroft, Vicky
Burgon, Richard	Furniss, Gill
Burnham, rh Andy	Gapes, Mike
Butler, Dawn	Gardiner, Barry
Byrne, rh Liam	Gethins, Stephen
Cadbury, Ruth	Gibson, Patricia
Campbell, rh Mr Alan	Glass, Pat
Campbell, Mr Ronnie	Glindon, Mary
Carmichael, rh Mr Alistair	Godsiff, Mr Roger
Champion, Sarah	Goodman, Helen
Chapman, Douglas	Grady, Patrick
Chapman, Jenny	Grant, Peter
Cherry, Joanna	Green, Kate
Clwyd, rh Ann	Greenwood, Margaret
Coaker, Vernon	Griffith, Nia
Coffey, Ann	Gwynne, Andrew
Cowan, Ronnie	Haigh, Louise
Coyle, Neil	Hamilton, Fabian
Crausby, Mr David	Hanson, rh Mr David
Crawley, Angela	Harman, rh Ms Harriet
Creagh, Mary	Harris, Carolyn
Creasy, Stella	Hayes, Helen
Cruddas, Jon	Hayman, Sue
Cryer, John	Healey, rh John
Cummins, Judith	Hendry, Drew
Cunningham, Alex	Hepburn, Mr Stephen
Cunningham, Mr Jim	Hermon, Lady
Dakin, Nic	Hillier, Meg
Danczuk, Simon	Hodgson, Mrs Sharon
David, Wayne	Hollern, Kate
Davies, Geraint	Hopkins, Kelvin

Hosie, Stewart
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John

O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Robertson, rh Angus
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Jeff
 Smith, Nick
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie
 Wishart, Pete
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:
Owen Thompson and
Mike Weir

Adams, Nigel
 Afriyie, Adam
 Aldous, Peter
 Allan, Lucy
 Allen, Heidi
 Amess, Sir David
 Andrew, Stuart
 Ansell, Caroline
 Argar, Edward
 Atkins, Victoria
 Bacon, Mr Richard
 Baker, Mr Steve
 Baldwin, Harriett
 Barclay, Stephen
 Baron, Mr John
 Barwell, Gavin
 Bebb, Guto
 Bellingham, Sir Henry
 Beresford, Sir Paul
 Berry, Jake
 Berry, James
 Bingham, Andrew
 Blackman, Bob
 Blunt, Crispin
 Boles, Nick
 Bone, Mr Peter
 Borwick, Victoria
 Bottomley, Sir Peter
 Bradley, rh Karen
 Brady, Mr Graham
 Brazier, Mr Julian
 Bridgen, Andrew
 Brokenshire, rh James
 Bruce, Fiona
 Buckland, Robert
 Burns, Conor
 Burns, rh Sir Simon
 Burrowes, Mr David
 Burt, rh Alistair
 Cairns, rh Alun
 Cameron, rh Mr David
 Campbell, Mr Gregory
 Carmichael, Neil
 Carswell, Mr Douglas
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colvile, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donelan, Michelle

NOES

Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick
 Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heapey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam

Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Morgan, rh Nicky
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George

Paisley, Ian
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew

Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris

Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Noes:
 Steve Brine and
 Andrew Griffiths

Question accordingly negatived.

New Clause 15

VAT ON INSTALLATION OF ENERGY SAVING MATERIALS

“(1) No order shall be made under the Value Added Tax Act 1994 which would have the effect of raising the rate of VAT on installation of energy saving materials, or any individual category thereof.

(2) No order shall be made under the Value Added Tax Act 1994 to vary Schedule 7A of that Act by deleting or varying any description of supply within Group 2 (Installation of Energy Saving Materials).

(3) ‘Installation of energy saving materials’ has the meaning given in Schedule 7A of the Value Added Tax Act 1994.”—
(Rebecca Long Bailey.)

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The House divided: Ayes 265, Noes 307.

Division No. 60]

[4.57 pm

AYES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina
 Allin-Khan, Dr Rosena
 Anderson, Mr David
 Arkless, Richard
 Ashworth, Jonathan
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Campbell, rh Mr Alan
 Campbell, Mr Ronnie
 Carmichael, rh Mr Alistair
 Carswell, Mr Douglas
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Clwyd, rh Ann
 Coaker, Vernon
 Coffey, Ann
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint

Day, Martyn
 De Piero, Gloria
 Debbonaire, Thangam
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Elliott, Tom
 Ellman, Mrs Louise
 Elmore, Chris
 Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Furniss, Gill
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Green, Kate
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harman, rh Ms Harriet
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendry, Drew
 Hepburn, Mr Stephen
 Hermon, Lady
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Helen
 Jones, Mr Kevan
 Jones, Susan Elan

Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinahan, Danny
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana
 Malhotra, Seema
 Mann, John
 Marris, Rob
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahan, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Morden, Jessica
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John

Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Jamie
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel
 Reynolds, Emma
 Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Jeff
 Smith, Nick
 Smyth, Karin
 Spellar, rh Mr John
 Starmer, Keir
 Stephens, Chris
 Stevens, Jo
 Streeting, Wes
 Stringer, Graham

Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas, Mr Gareth
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Trickett, Jon
 Turley, Anna
 Turner, Karl
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, rh Keith
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie
 Wishart, Pete
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Ayes:

Sue Hayman and
 Holly Lynch

NOES

Burt, rh Alistair
 Cairns, rh Alun
 Cameron, rh Mr David
 Campbell, Mr Gregory
 Carmichael, Neil
 Cartlidge, James
 Cash, Sir William
 Caulfield, Maria
 Chalk, Alex
 Chishti, Rehman
 Chope, Mr Christopher
 Churchill, Jo
 Clark, rh Greg
 Clarke, rh Mr Kenneth
 Cleverly, James
 Clifton-Brown, Geoffrey
 Coffey, Dr Thérèse
 Collins, Damian
 Colville, Oliver
 Costa, Alberto
 Cox, Mr Geoffrey
 Crabb, rh Stephen
 Crouch, Tracey
 Davies, Byron
 Davies, Chris
 Davies, David T. C.
 Davies, Glyn
 Davies, Mims
 Dinenage, Caroline
 Djanogly, Mr Jonathan
 Dodds, rh Mr Nigel
 Donelan, Michelle
 Dorries, Nadine
 Double, Steve
 Dowden, Oliver
 Doyle-Price, Jackie
 Drax, Richard
 Drummond, Mrs Flick

Duddridge, James
 Duncan Smith, rh Mr Iain
 Dunne, Mr Philip
 Ellis, Michael
 Ellison, Jane
 Ellwood, Mr Tobias
 Elphicke, Charlie
 Eustice, George
 Evans, Graham
 Evans, Mr Nigel
 Evennett, rh Mr David
 Fabricant, Michael
 Fallon, rh Michael
 Fernandes, Suella
 Field, rh Mark
 Foster, Kevin
 Francois, rh Mr Mark
 Frazer, Lucy
 Freeman, George
 Freer, Mike
 Fuller, Richard
 Fysh, Marcus
 Garnier, rh Sir Edward
 Garnier, Mark
 Gauke, rh Mr David
 Ghani, Nusrat
 Gibb, Mr Nick
 Gillan, rh Mrs Cheryl
 Glen, John
 Goldsmith, Zac
 Goodwill, Mr Robert
 Gove, rh Michael
 Graham, Richard
 Grant, Mrs Helen
 Gray, Mr James
 Grayling, rh Chris
 Green, Chris
 Green, rh Damian
 Greening, rh Justine
 Grieve, rh Mr Dominic
 Gummer, rh Ben
 Gyimah, Mr Sam
 Halfon, rh Robert
 Hall, Luke
 Hammond, Stephen
 Hancock, rh Matt
 Hands, rh Greg
 Harper, rh Mr Mark
 Harrington, Richard
 Harris, Rebecca
 Hart, Simon
 Haselhurst, rh Sir Alan
 Hayes, rh Mr John
 Heald, Sir Oliver
 Heappey, James
 Heaton-Harris, Chris
 Heaton-Jones, Peter
 Henderson, Gordon
 Herbert, rh Nick
 Hinds, Damian
 Hoare, Simon
 Hollingbery, George
 Hollinrake, Kevin
 Hollobone, Mr Philip
 Holloway, Mr Adam
 Hopkins, Kris
 Howarth, Sir Gerald
 Howell, John
 Howlett, Ben
 Huddleston, Nigel
 Hunt, rh Mr Jeremy
 Hurd, Mr Nick
 Jackson, Mr Stewart
 James, Margot
 Javid, rh Sajid
 Jenkin, Mr Bernard
 Jenrick, Robert
 Johnson, Gareth
 Johnson, Joseph
 Jones, rh Mr David
 Jones, Mr Marcus
 Kawczynski, Daniel
 Kennedy, Seema
 Kirby, Simon
 Knight, rh Sir Greg
 Knight, Julian
 Kwarteng, Kwasi
 Lancaster, Mark
 Latham, Pauline
 Leadsom, rh Andrea
 Lee, Dr Phillip
 Leigh, Sir Edward
 Leslie, Charlotte
 Letwin, rh Mr Oliver
 Lewis, rh Dr Julian
 Liddell-Grainger, Mr Ian
 Lidington, rh Mr David
 Lilley, rh Mr Peter
 Lopresti, Jack
 Loughton, Tim
 Lumley, Karen
 Mackinlay, Craig
 Mackintosh, David
 Main, Mrs Anne
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Morgan, rh Nicky
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Penrose, John
 Percy, Andrew

Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim
 Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Soames, rh Sir Nicholas
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggins, Bill
 Williams, Craig
 Williamson, rh Gavin
 Wilson, Mr Rob
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim
Tellers for the Noes:
 Steve Brine and
 Andrew Griffiths

Question accordingly negated.

Clause 18

EMPLOYMENT INCOME PROVIDED THROUGH THIRD PARTIES

Amendments made: 132, page 26, line 25, leave out “December 2016” and insert “April 2017”.

Amendment 133, page 26, line 30, leave out “December 2016” and insert “April 2017”.

Amendment 134, page 26, line 32, leave out “December 2016” and insert “April 2017”.—(*Jane Ellison.*)

Clause 19

STANDARD LIFETIME ALLOWANCE FROM 2016-17

Amendments made: 146, page 27, line 7, leave out “(4)” and insert “(4A)”.

Amendment 147, page 28, line 2, at end insert—
 ‘(4A) After subsection (5E) insert—

(5F) Where—

- (a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2015 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died before 6 April 2012,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,800,000.

(5G) Where—

- (a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2015 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died in the period consisting of the tax year 2012-13 and the tax year 2013-14,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,500,000.

(5H) Where—

- (a) benefit crystallisation event 5C occurs by reason of the designation on or after 6 April 2016 of sums or assets held for the purposes of an arrangement relating to the individual, and

(b) the individual died in the period consisting of the tax year 2014-15 and the tax year 2015-16,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,250,000.

(5I) Where—

- (a) benefit crystallisation event 5D occurs by reason of a person becoming entitled on or after 6 April 2016 to an annuity in respect of the individual, and

(b) the individual died in the period beginning with 3 December 2014 and ending with 5 April 2016,

the standard lifetime allowance at the time of the benefit crystallisation event is £1,250,000.”

Amendment 148, page 28, line 10, at end insert—

“() The amendment made by subsection (4A)—

- (a) so far as it consists of the insertion of new subsections (5F) and (5G)—

(i) is to be treated as having come into force on 6 April 2015, and

(ii) has effect in relation to benefit crystallisation events occurring on or after that date, and

- (b) so far as it consists of the insertion of new subsections (5H) and (5I)—

(i) is to be treated as having come into force on 6 April 2016, and

(ii) has effect in relation to benefit crystallisation events occurring on or after that date.”—(*Jane Ellison.*)

Clause 31

VCTS: REQUIREMENTS FOR GIVING APPROVAL

Amendment made: 135, page 45, line 20, leave out subsections (5) and (6) and insert—

“(5) In subsection (3A)—

- (a) for the words from “In the second” to “does not include” substitute “An investment made by a company (‘the investor’) falls within this subsection if it is”;

(b) in paragraph (c) for “the company” substitute “the investor”;

(c) after paragraph (c) insert—

“(d) money in the investor’s possession;

“(e) a sum owed to the investor which—

- (i) under section 285(4)(b) (read with section 285(5) and (6)) is to be regarded as an investment of the investor, and

(ii) is such that the investor’s right mentioned in section 285(5)(a) may be exercised on 7 days’ notice given by the investor.”

(5A) After subsection (3A) insert—

“(3B) In subsection (3A), any reference to a thing which may be done on 7 days’ notice includes a case where that thing may be done—

(a) on less than 7 days’ notice, or

(b) without notice.”

(6) In subsection (5)—

(a) after paragraph (b) insert—

“(ba) amend or repeal subsection (3B) in consequence of any provision made under paragraph (b),”;

(b) in paragraph (c) for the words from “made by” to “(3A)” substitute “falling within subsection (3A) may be held by the company”.’—(*Jane Ellison.*)

Schedule 1

ABOLITION OF DIVIDEND TAX CREDITS ETC

Amendment made: 138, page 323, line 35, at end insert—

“(iii) in Type 4 (tax charged at basic rate as a result of section 491), omit “at the basic rate”, and’.—(*Jane Ellison.*)

Schedule 17

AQUA METHANOL ETC

Amendment made: 139, page 547, line 31, leave out “1 October” and insert “14 November”.—(*Jane Ellison.*)

Mr Speaker: Our consideration having been completed, I shall now suspend the House for no more than five minutes in order to make a decision about certification. The Division bells will be rung two minutes before the House resumes. Following my certification, the Government will table the appropriate consent motion, copies of which will be made available in the Vote Office and will be distributed by Doorkeepers.

5.10 pm

Sitting suspended.

5.15 pm

On resuming—

Mr Speaker: I can now inform the House that I have completed certification of the Bill, as required by the Standing Order. I have confirmed the view expressed in my provisional certificate issued on 5 September. Copies of my final certificate will be made available in the Vote Office and on the parliamentary website.

Under Standing Order No. 83M, as modified by Standing Order No. 83S, a consent motion is therefore required for the Bill to proceed. Copies of the motion are available in the Vote Office and on the parliamentary website, and have been made available to Members in the Chamber. Does a Minister intend to move the consent motion?

The Lord Commissioner of Her Majesty’s Treasury (Stephen Barclay) *indicated assent.*

The House forthwith resolved itself into the Legislative Grand Committee (England, Wales and Northern Ireland) (Standing Order No. 83M).

[NATASCHA ENGEL *in the Chair*]

5.16 pm

The Second Deputy Chairman of Ways and Means (Natascha Engel): I remind the Committee that although all Members may speak in the debate, only Members representing constituencies in England, Wales and Northern Ireland may vote on the consent motion.

Resolved,

That the Committee consents to the following certified clauses and schedules of the Finance Bill:

Clauses 126 to 132, 141 and 142 of, and Schedule 16 to, the Bill as amended in Committee and Public Bill Committee (Bill 47).—(*Jane Ellison.*)

The occupant of the Chair left the Chair to report the decision of the Committee (Standing Order No. 83M(6)).

The Deputy Speaker resumed the Chair; decision reported.

Third Reading

5.18 pm

Jane Ellison: I beg to move, That the Bill be now read the Third time.

I remind the House just how important the measures contained in the Finance Bill are for the success and prosperity of people in this country. It is about putting more money back into the pockets of all the people who work so hard but sometimes struggle to make ends meet. It is about helping our businesses to grow and succeed, to invest and create jobs, and it is about protecting the nation's finances by taking action to stop any individuals or businesses that seek to evade or avoid tax.

The Bill has been thoroughly debated for weeks, including with me as the Minister during the past two days. I therefore want to take a moment to thank hon. Members on both sides of the House for their excellent scrutiny of it and for the insightful and wide-ranging debate that has taken place during its passage through the House.

It is worth noting a couple of breakthroughs for which the Bill will be long remembered. The first is the amendment that was moved last night by the right hon. Member for Don Valley (Caroline Flint) on public country-by-country reporting, which the Government supported. The welcome degree of cross-party consensus cemented the UK's position of international leadership on this issue. It is also worth noting the long and successful campaign by the hon. Member for Dewsbury (Paula Sherriff) and others that has brought significant progress on the issue of VAT on sanitary products. There are a number of other important measures, some of which we have debated today, and we have made important Government amendments to ensure that things work as they should.

I pay particular thanks to my predecessor, my right hon. Friend the Member for South West Hertfordshire (Mr Gauke), for his excellent work. Indeed, he did the lion's share of the work in steering the Finance Bill through each of its stages. I also thank my hon. Friends the Members for East Hampshire (Damian Hinds) and

for West Worcestershire (Harriett Baldwin) for setting out the Government's case at different stages. I express my general appreciation to all hon. Members who have contributed to the Bill.

The Bill means that we will do more to help hard-working individuals and families, more to help businesses large and small, and more to safeguard the nation's finances. Above all, it will ensure that we move forward into the new future from a position of financial strength in our economy. I therefore commend it to the House.

5.21 pm

Roger Mullin (Kirkcaldy and Cowdenbeath) (SNP): I pay tribute to the Financial Secretary for the way in which she has led the final stages of the Bill and to the hon. Member for Salford and Eccles (Rebecca Long Bailey), who has led for the Opposition. She took over in difficult circumstances and has handled it with great composure and competence.

It is clear to many people in the Commons today that this is a right bourach of a Bill, as we would say in Scotland. Not long after the Government voted down the SNP's new clause on Scottish limited partnerships last night, the distinguished commentator and author Ian Fraser took to Twitter to say:

"Now we know @theresa_may's pledge to 'reform capitalism' was so much hot air".

Indeed it was hot air. The only people smiling as a result of the Government's opposition to our new clause are the criminals and tax evaders who will benefit so much from it.

The Government's opposition to our new clause on oil and gas, which like our new clause on Scottish limited partnerships had much external support as well as support in the House, shows that they are ill fitted to lead the oil and gas sector into the future. It does not end there. The Government continue to victimise Scotland's emergency services in respect of VAT, to press ahead with reforms that are compromising the provision of affordable private sector rented accommodation and to ignore the harm they are doing to micro and small businesses with their so-called tax reforms. The list could go on. It becomes clear that the SNP will oppose the Bill.

5.23 pm

John Redwood: A great deal has happened politically since the March Budget and during the passage of the Finance Bill. Therefore, on Third Reading, when we are invited to consider the Bill in the round, we should ask ourselves how this set of composite tax measures and forecasts for revenues and budget deficits fits into what the Bank of England thinks is a rather revised picture today, although its gloom is probably exaggerated.

We also had a very significant event from the Government themselves over the summer recess, which has not been reported to this House or debated in this House, but which should not go without comment: the Chancellor of the Exchequer gave his consent for the creation of up to £170 billion of additional money and for the Bank of England to buy large quantities of Government debt and substantial quantities of corporate debt, making available a lot of cheaper money to the banks. As a result of that needless monetary relaxation—there was absolutely no evidence at the time that the economy had

suffered an output or retail sales shock in the way that the Bank foolishly thought was happening—we see that interest rates have been driven down. In particular, longer-term interest rates, which are the Government's price of borrowing, have been driven down, and so we now must imagine that the Budget arithmetic has changed quite a lot in a very favourable direction, as there is now presumably a substantial reduction in the forecast interest rate costs for Her Majesty's Government over the balance of this year and into the next financial year, assuming that those programmes of aggressive bond buying continue to depress the rates in the way that is clearly planned.

At some point the Government need to explain why they endorsed the Bank of England's very aberrant view. The Government's forecasts for the economy, which are the thought behind this perfectly sensible Budget that we are in the process of approving, look forward to the UK economy growing by 2% this year and by 2.2% next year. The Bank of England now says that the British economy will grow by only 0.8% next year. I have no idea why the Bank thinks that, but it would of course change the arithmetic, and instead of our welcoming this Budget with an even smaller deficit, because of yield compression and cheaper borrowing, we should be worrying at this juncture about the shortfall in revenues next year on the back of a much-revised Bank of England forecast. Clearly revenues will be down by quite a lot next year if growth is to be only 0.8% rather than the 2.2% that was the premise of this Budget.

I fully support the Treasury's March view. It is extremely likely that the British economy will grow by 2.2%. I do not have my own model but I understand how the Treasury model works and I do not think that the underlying assumptions behind the model for the March forecast were unrealistic. I do not think that they have fundamentally changed as a result of the events of the summer, with, perhaps, the one exception that if the Bank perseveres with injecting anything like £170 billion into the economy, growth could be even better than the Government were expecting, because that is a far bigger monetary stimulus than they clearly had in mind when they constructed the March Budget.

The Bank of England needs to be careful. One of the curious things about the timing of its decision was that it made that announcement before we saw the real economy figures for the first eight weeks after the Brexit vote. Those figures turned out to be perfectly reasonable. They were not negative in the way that the Bank had thought. The Bank also made the injection of money just after some very important figures came out, ones that it had obviously read in a different way from me.

If we read the money supply growth figures and credit growth figures for the second quarter of the current calendar year, we will see that they started to accelerate. We had pretty steady 5% growth for quite a long period, which was giving us a combination of low or no inflation and 2% or so growth, but then those figures suddenly accelerated to around 7% or 8%. It is therefore even more bizarre that, on the back of those numbers, the Bank of England should suddenly decide to try to pump so much money into the economy, at a point where it looked as if the commercial banking system was sufficiently strong and confidence had returned sufficiently to mean an even faster rate of money growth than the one that was achieving 2% growth overall.

I am not suggesting that we need to drop this Budget because of that very large monetary stimulus, but the House should be aware that a very large monetary stimulus has been added at exactly a point where we had a perfectly sensible Budget based on perfectly sensible assumptions. The Government also need to be very careful before authorising any further monetary stimulus given what look like perfectly satisfactory numbers.

How could the Bank be that wrong—it is quite difficult to understand—and why did the Government endorse its strange interpretation? It says two things. It says that a Brexit vote could damage trade. Well, the one thing we seem to know from the very relaxed timetable the Government are proposing for getting us out of the EU is that in all probability we are going to be trading under existing single market arrangements this year and next year. There will not, therefore, be any damage to trade. I do not think there will be any damage to trade when we are out, but we are going to be trading under the current arrangements for the forecast period, so it is very difficult to see why we would knock anything off GDP because of trade. Indeed, we should be adding quite a lot in relation to trade, because clearly exports will rise quite a lot on the back of a much weaker pound.

The other thing it says is that there will be an effect on confidence. We have seen from recent surveys that there was a very short term hit to the confidence of big business executives who did not like the result of the referendum, but there was no hit to the confidence of consumers. They went out and spent more in the shops immediately after the Brexit vote than they were spending before. We saw, in the following month, that many senior company executives regained a lot of their lost confidence because they saw they were wrong and that the customers were returning to, or staying in, the shops. They are buying cars and new houses. Confidence has not collapsed, something the banks seemed to think would happen.

I urge those on the Treasury Bench to think about these matters extremely carefully. The very long procedure on the Finance Bill means that, in all probability, we are approving a Bill that was constructed in what the Bank of England thinks were very different economic times. I think the economic forecast and the economic times of March are very similar to the ones we should now accept, and I urge the Government to take that view. The House needs to note, if it is the view of the House, that on top of a Budget that has a reasonably relaxed fiscal stance compared with intentions a few years ago—something I am quite happy with—we now have a very large monetary injection. The Government need to be aware of what that might mean.

5.32 pm

Rebecca Long Bailey: I thank the Minister and her Treasury colleagues, past and present, for their progress of the Bill through the House. I thank my own shadow Treasury colleagues, past and present, for their hard work in holding the Government to account. I thank my shadow Treasury team staff for their hard work on the Bill in the interesting times in which we have found ourselves. The Clerks deserve a mention for being pestered every five minutes by members of my staff—indeed, by the staff of other hon. Members, too. I make special

[Rebecca Long Bailey]

mention of all Members who have worked very hard on the Bill and participated in a number of extremely thoughtful and interesting debates.

The Opposition will not be supporting the Bill on Third Reading. Although it contains some measures that we support, we simply cannot vote in favour of a Bill that does nothing to address the underlying issues in our economy. It has unfairness at its very core. I will, however, run briefly over the areas where we have found some consensus across the House.

First, there is the need to zero-rate VAT on women's sanitary products. Many Members across the House spoke in support of this yesterday. I appreciate the Government's sympathy with the campaign by my hon. Friend the Member for Dewsbury (Paula Sherriff). I place on record once again my congratulations to my hon. Friend who, along with many women outside this place, has campaigned tirelessly on this issue. Unfortunately, we still had to divide the House, as the Minister refused to put down a firm date for implementation of the zero rating. I hope the policy will not be kicked into the long grass once the Bill has completed its passage through Parliament. I know the Minister supports the general principle of the policy and I am sure that my hon. Friend the Member for Dewsbury will be very quick to call the Government out should they try to avoid taking this matter forward responsibly.

We have also found a broad level of agreement on country-by-country reporting. I am pleased that the Government saw fit to accept the amendment tabled by my right hon. Friend the Member for Don Valley (Caroline Flint). Again, I put on record my thanks and congratulations to my right hon. Friend for her hard work and determination on this issue. The amendment stated that the Government "may" exercise their powers in this regard. However, I hope that the Government "will" exercise their powers in that regard, and I shall follow their progress very closely.

We support the Government's steps towards closing the so-called Mayfair tax loophole, even though they did not accept our amendment to provide that all carried interest would be subject to income tax—but that, unfortunately, is where the consensus ends.

One of the biggest problems facing the economy at the moment is low rates of investment. Investment by businesses has already fallen for the last two quarters and investment by Government is scheduled to fall in every year of this Parliament. Overall investment as a share of GDP is lower now than it was in 2007—despite rising profits to companies and an all-time low cost of borrowing for the Government.

The Government maintained in yesterday's debate that cuts to the headline rates of corporation tax and capital gains tax contained in the Bill would incentivise business investment, but they did not convince me or my hon. Friends that that would actually be the case. When we debated the cut to corporation tax yesterday, I provided some helpful figures to demonstrate that it is not clear that reductions will deliver the investment that the country desperately needs. For the benefit of Members who were not in the Chamber yesterday, I shall briefly recap.

The House of Commons Library analysis shows that business investment was higher in the year 2000 when corporation tax was at 30% than it was in 2015 when it was a full 10% lower. There is no obvious correlation between a low rate of corporation tax and high rates of business investment. Furthermore, corporations are not in need of cash in most cases. Figures provided by the House of Commons Library show that the UK corporation industry was sitting on cash reserves totalling £581 billion last year, so something is clearly precluding them from investing in the future. Frankly, the measures in this Bill will do nothing to change that behaviour.

Because of this lack of investment, productivity in the UK has fallen. Every hour of work in Britain produces one third less than every hour worked in Germany, the US or France, while real wages have fallen by 10% since 2008. That is simply not good enough—it is not good enough for British workers; it is not good enough for the economy; and it is not good for our sense of national pride. We need investment in infrastructure, in skills, in innovation and in industry. Labour is committed to providing £500 billion-worth of investment: £250 billion will be Government capital spending; and £250 billion will come from the national investment bank.

The national investment bank, along with regional banks, would transform regional economies and rebuild our financial system. Government capital expenditure would be used to improve vital infrastructure such as transport, housing and energy supply. Those are the kind of policies that businesses need to thrive, and I hope that the Government will consider them. They have not put such policies into the Finance Bill, but they have the power to put them into further pieces of legislation as this Parliament progresses.

The Bill fails to address the long-term pressures facing the UK's energy supply industry and fails to deliver on our climate change targets, as agreed just a few months ago by the right hon. Member for Hastings and Rye (Amber Rudd), now the Home Secretary. The renewable energy sector, as we heard in the previous debate, has been consistently undermined by this Government, and the Bill before us today does nothing to provide the stability or support that this industry craves.

Earlier today, we debated a specific amendment on the VAT treatment of energy-saving materials in the hope that the Government would make it clear in statute that the proposed solar tax hike would not go ahead. Unfortunately, the Government would not agree to our new clause and as such the insecurity for this industry continues. Furthermore, the Bill still makes sweeping changes to the climate change levy, which could seriously undermine its efficacy. In Committee of the whole House, we tabled an amendment calling for a review of the impact of the climate change levy on carbon emissions, but we were unfortunately defeated in the Lobbies. The change will go ahead with no assessment of whether the somewhat altered levy will do its job. That, too, is just not good enough from the British Government.

Over the weekend, we saw China and the United States ratify the Paris climate deal. Together they are responsible for 40% of the world's carbon emissions, so that marks a huge step forward in climate change responsibility. Our Government, however, have not ratified

the treaty, and have rowed back on almost all their green commitments since the election. I will not list them again, as it is an extensive list, but the Bill does nothing to tackle the issue of climate change head on, and, we believe, weakens measures that are already in place.

As for the key issue of tax avoidance, I must reiterate our view that the Government's piecemeal approach of slowly introducing new little schemes and penalties is simply not enough. As I said yesterday, we need to see real commitment to an overarching strategy that provides genuine "legal teeth" to tackle the tax avoidance industry. At a time when our public services are tearing at the seams as a result of increased demand and a lack of resources, it is not acceptable for people to be allowed to avoid paying their taxes. It is time for tax avoiders to understand that being part of our society means paying one's fair share towards the upkeep of that society. Labour has set out its stall with its tax transparency and enforcement programme, much of which was reflected in the amendments that we tabled yesterday. I hope that the Minister took some of our suggestions on board.

It is disappointing, to say the least, that the Government did not see fit to accept our new clause proposing a wide-ranging review of the UK tax gap and its causes. They have to appreciate that we must design a system that will really challenge the tax avoidance industry. We must overhaul our tax laws so that they are based on broad principles that will make avoidance difficult. A full public inquiry would expose the perversity of the industry, and would signal to the world that we are serious about stamping out tax evasion and avoidance wherever they may flourish.

Let me end by saying this. Labour wants to build a high-investment, high-wage economy. It wants to build an economy that will allow the UK to be a country of the future, leading the way on research and innovation; an economy in which everyone pays their fair share, and support is provided for those who need it; an economy and a society of which the British people can be proud. However, that can be done only with a Government who are committed to making it happen. We do not believe that the Bill will achieve those goals, and we will therefore vote against it this evening.

Question put, That the Bill be now read the Third time.

The House divided: Ayes 303, Noes 250.

Division No. 61]

[5.43 pm

AYES

Adams, Nigel	Bebb, Guto
Afriyie, Adam	Bellingham, Sir Henry
Aldous, Peter	Beresford, Sir Paul
Allan, Lucy	Berry, Jake
Allen, Heidi	Berry, James
Amess, Sir David	Bingham, Andrew
Andrew, Stuart	Blackman, Bob
Ansell, Caroline	Blunt, Crispin
Argar, Edward	Boles, Nick
Atkins, Victoria	Bone, Mr Peter
Bacon, Mr Richard	Borwick, Victoria
Baker, Mr Steve	Bottomley, Sir Peter
Baldwin, Harriett	Bradley, rh Karen
Barclay, Stephen	Brady, Mr Graham
Baron, Mr John	Brazier, Mr Julian
Barwell, Gavin	Bridgen, Andrew

Brokenshire, rh James	Goodwill, Mr Robert
Bruce, Fiona	Gove, rh Michael
Buckland, Robert	Graham, Richard
Burns, Conor	Grant, Mrs Helen
Burns, rh Sir Simon	Gray, Mr James
Burrowes, Mr David	Green, Chris
Burt, rh Alistair	Green, rh Damian
Cairns, rh Alun	Greening, rh Justine
Cameron, rh Mr David	Grieve, rh Mr Dominic
Campbell, Mr Gregory	Gummer, rh Ben
Carmichael, Neil	Gyimah, Mr Sam
Cartledge, James	Halfon, rh Robert
Cash, Sir William	Hall, Luke
Caulfield, Maria	Hammond, Stephen
Chalk, Alex	Hancock, rh Matt
Chishti, Rehman	Hands, rh Greg
Chope, Mr Christopher	Harper, rh Mr Mark
Churchill, Jo	Harrington, Richard
Clark, rh Greg	Harris, Rebecca
Clarke, rh Mr Kenneth	Hart, Simon
Cleverly, James	Haselhurst, rh Sir Alan
Clifton-Brown, Geoffrey	Hayes, rh Mr John
Coffey, Dr Thérèse	Heald, Sir Oliver
Collins, Damian	Heappey, James
Colville, Oliver	Heaton-Harris, Chris
Costa, Alberto	Heaton-Jones, Peter
Cox, Mr Geoffrey	Henderson, Gordon
Crabb, rh Stephen	Herbert, rh Nick
Crouch, Tracey	Hermon, Lady
Davies, Byron	Hinds, Damian
Davies, Chris	Hoare, Simon
Davies, David T. C.	Hollingbery, George
Davies, Glyn	Hollinrake, Kevin
Davies, Mims	Hollobone, Mr Philip
Dinenage, Caroline	Holloway, Mr Adam
Djanogly, Mr Jonathan	Hopkins, Kris
Dodds, rh Mr Nigel	Howarth, Sir Gerald
Dorries, Nadine	Howell, John
Double, Steve	Howlett, Ben
Dowden, Oliver	Huddleston, Nigel
Doyle-Price, Jackie	Hunt, rh Mr Jeremy
Drax, Richard	Jackson, Mr Stewart
Drummond, Mrs Flick	James, Margot
Duddridge, James	Javid, rh Sajid
Duncan Smith, rh Mr Iain	Jenkin, Mr Bernard
Dunne, Mr Philip	Jenrick, Robert
Elliott, Tom	Johnson, Gareth
Ellis, Michael	Johnson, Joseph
Ellison, Jane	Jones, rh Mr David
Ellwood, Mr Tobias	Jones, Mr Marcus
Elphicke, Charlie	Kawczynski, Daniel
Eustice, George	Kennedy, Seema
Evans, Graham	Kinahan, Danny
Evans, Mr Nigel	Kirby, Simon
Evennett, rh Mr David	Knight, rh Sir Greg
Fabricant, Michael	Knight, Julian
Fallon, rh Michael	Kwarteng, Kwasi
Fernandes, Suella	Lancaster, Mark
Field, rh Mark	Latham, Pauline
Foster, Kevin	Leadsom, rh Andrea
Francois, rh Mr Mark	Lee, Dr Phillip
Frazer, Lucy	Leigh, Sir Edward
Freeman, George	Leslie, Charlotte
Fuller, Richard	Letwin, rh Mr Oliver
Garnier, rh Sir Edward	Lewis, rh Dr Julian
Garnier, Mark	Liddell-Grainger, Mr Ian
Gauke, rh Mr David	Lidington, rh Mr David
Ghani, Nusrat	Lilley, rh Mr Peter
Gibb, Mr Nick	Lopresti, Jack
Gillan, rh Mrs Cheryl	Loughton, Tim
Glen, John	Lumley, Karen
Goldsmith, Zac	Mackinlay, Craig

Mackintosh, David
 Mak, Mr Alan
 Malthouse, Kit
 Mann, Scott
 Mathias, Dr Tania
 Maynard, Paul
 McCartney, Jason
 McCartney, Karl
 McLoughlin, rh Mr Patrick
 Menzies, Mark
 Mercer, Johnny
 Merriman, Huw
 Metcalfe, Stephen
 Miller, rh Mrs Maria
 Milling, Amanda
 Mills, Nigel
 Milton, rh Anne
 Mitchell, rh Mr Andrew
 Morgan, rh Nicky
 Morris, David
 Morris, James
 Morton, Wendy
 Mowat, David
 Mundell, rh David
 Murray, Mrs Sheryll
 Murrison, Dr Andrew
 Neill, Robert
 Newton, Sarah
 Nokes, Caroline
 Norman, Jesse
 Nuttall, Mr David
 Offord, Dr Matthew
 Opperman, Guy
 Osborne, rh Mr George
 Paisley, Ian
 Parish, Neil
 Paterson, rh Mr Owen
 Pawsey, Mark
 Penning, rh Mike
 Percy, Andrew
 Perry, Claire
 Phillips, Stephen
 Philp, Chris
 Pickles, rh Sir Eric
 Pincher, Christopher
 Poulter, Dr Daniel
 Pow, Rebecca
 Prentis, Victoria
 Prisk, Mr Mark
 Pritchard, Mark
 Pursglove, Tom
 Quin, Jeremy
 Quince, Will
 Raab, Mr Dominic
 Redwood, rh John
 Rees-Mogg, Mr Jacob
 Robertson, Mr Laurence
 Robinson, Gavin
 Robinson, Mary
 Rosindell, Andrew
 Rudd, rh Amber
 Rutley, David
 Sandbach, Antoinette
 Scully, Paul
 Selous, Andrew
 Shannon, Jim

Shapps, rh Grant
 Sharma, Alok
 Shelbrooke, Alec
 Simpson, David
 Simpson, rh Mr Keith
 Skidmore, Chris
 Smith, Chloe
 Smith, Henry
 Smith, Julian
 Smith, Royston
 Solloway, Amanda
 Soubry, rh Anna
 Spelman, rh Mrs Caroline
 Spencer, Mark
 Stephenson, Andrew
 Stevenson, John
 Stewart, Bob
 Stewart, Iain
 Stewart, Rory
 Streeter, Mr Gary
 Stride, Mel
 Stuart, Graham
 Sturdy, Julian
 Sunak, Rishi
 Swayne, rh Sir Desmond
 Swire, rh Mr Hugo
 Syms, Mr Robert
 Thomas, Derek
 Timpson, Edward
 Tolhurst, Kelly
 Tomlinson, Justin
 Tomlinson, Michael
 Tracey, Craig
 Tredinnick, David
 Trevelyan, Mrs Anne-Marie
 Truss, rh Elizabeth
 Tugendhat, Tom
 Turner, Mr Andrew
 Tyrie, rh Mr Andrew
 Vaizey, rh Mr Edward
 Vara, Mr Shailesh
 Vickers, Martin
 Villiers, rh Mrs Theresa
 Walker, Mr Charles
 Walker, Mr Robin
 Wallace, Mr Ben
 Warburton, David
 Warman, Matt
 Wharton, James
 Whately, Helen
 Wheeler, Heather
 White, Chris
 Whittaker, Craig
 Whittingdale, rh Mr John
 Wiggin, Bill
 Williams, Craig
 Wilson, Mr Rob
 Wood, Mike
 Wragg, William
 Wright, rh Jeremy
 Zahawi, Nadhim

Tellers for the Ayes:

**Steve Brine and
 Andrew Griffiths**

NOES

Abbott, Ms Diane
 Abrahams, Debbie
 Ahmed-Sheikh, Ms Tasmina

Allin-Khan, Dr Rosena
 Anderson, Mr David
 Arkless, Richard

Ashworth, Jonathan
 Bailey, Mr Adrian
 Bardell, Hannah
 Barron, rh Kevin
 Beckett, rh Margaret
 Benn, rh Hilary
 Berger, Luciana
 Betts, Mr Clive
 Black, Mhairi
 Blackford, Ian
 Blackman, Kirsty
 Blackman-Woods, Dr Roberta
 Blenkinsop, Tom
 Blomfield, Paul
 Boswell, Philip
 Bradshaw, rh Mr Ben
 Brake, rh Tom
 Brennan, Kevin
 Brock, Deidre
 Brown, Alan
 Brown, rh Mr Nicholas
 Bryant, Chris
 Buck, Ms Karen
 Burden, Richard
 Burgon, Richard
 Burnham, rh Andy
 Butler, Dawn
 Byrne, rh Liam
 Cadbury, Ruth
 Campbell, rh Mr Alan
 Carmichael, rh Mr Alistair
 Champion, Sarah
 Chapman, Douglas
 Chapman, Jenny
 Cherry, Joanna
 Clegg, rh Mr Nick
 Clwyd, rh Ann
 Coaker, Vernon
 Cooper, rh Yvette
 Cowan, Ronnie
 Coyle, Neil
 Crausby, Mr David
 Crawley, Angela
 Creagh, Mary
 Creasy, Stella
 Cruddas, Jon
 Cryer, John
 Cummins, Judith
 Cunningham, Alex
 Cunningham, Mr Jim
 Dakin, Nic
 Danczuk, Simon
 David, Wayne
 Davies, Geraint
 Day, Martyn
 De Piero, Gloria
 Debbonaire, Thangam
 Docherty-Hughes, Martin
 Donaldson, Stuart Blair
 Doughty, Stephen
 Dowd, Jim
 Dowd, Peter
 Dromey, Jack
 Dugher, Michael
 Durkan, Mark
 Eagle, Ms Angela
 Eagle, Maria
 Edwards, Jonathan
 Efford, Clive
 Elliott, Julie
 Ellman, Mrs Louise
 Elmore, Chris

Esterson, Bill
 Evans, Chris
 Farrelly, Paul
 Farron, Tim
 Fellows, Marion
 Ferrier, Margaret
 Field, rh Frank
 Fitzpatrick, Jim
 Fletcher, Colleen
 Flynn, Paul
 Fovargue, Yvonne
 Foxcroft, Vicky
 Furniss, Gill
 Gapes, Mike
 Gardiner, Barry
 Gethins, Stephen
 Gibson, Patricia
 Glass, Pat
 Glindon, Mary
 Godsiff, Mr Roger
 Goodman, Helen
 Grady, Patrick
 Grant, Peter
 Green, Kate
 Greenwood, Margaret
 Griffith, Nia
 Gwynne, Andrew
 Haigh, Louise
 Hamilton, Fabian
 Hanson, rh Mr David
 Harris, Carolyn
 Hayes, Helen
 Healey, rh John
 Hendry, Drew
 Hepburn, Mr Stephen
 Hillier, Meg
 Hodgson, Mrs Sharon
 Hollern, Kate
 Hopkins, Kelvin
 Hosie, Stewart
 Hunt, Tristram
 Huq, Dr Rupa
 Hussain, Imran
 Jarvis, Dan
 Johnson, rh Alan
 Johnson, Diana
 Jones, Gerald
 Jones, Graham
 Jones, Susan Elan
 Keeley, Barbara
 Kendall, Liz
 Kerevan, George
 Kerr, Calum
 Kinnock, Stephen
 Kyle, Peter
 Lamb, rh Norman
 Lammy, rh Mr David
 Lavery, Ian
 Law, Chris
 Leslie, Chris
 Lewell-Buck, Mrs Emma
 Lewis, Clive
 Lewis, Mr Ivan
 Long Bailey, Rebecca
 Lucas, Caroline
 Lucas, Ian C.
 Lynch, Holly
 MacNeil, Mr Angus Brendan
 Mactaggart, rh Fiona
 Madders, Justin
 Mahmood, Mr Khalid
 Mahmood, Shabana

Malhotra, Seema
 Mann, John
 Marsden, Mr Gordon
 Maskell, Rachael
 Matheson, Christian
 Mc Nally, John
 McCabe, Steve
 McCaig, Callum
 McCarthy, Kerry
 McDonagh, Siobhain
 McDonald, Andy
 McDonald, Stewart Malcolm
 McDonald, Stuart C.
 McDonnell, Dr Alasdair
 McDonnell, John
 McFadden, rh Mr Pat
 McGarry, Natalie
 McGinn, Conor
 McGovern, Alison
 McInnes, Liz
 McKinnell, Catherine
 McLaughlin, Anne
 McMahon, Jim
 Meale, Sir Alan
 Mearns, Ian
 Miliband, rh Edward
 Monaghan, Carol
 Monaghan, Dr Paul
 Mulholland, Greg
 Mullin, Roger
 Murray, Ian
 Nandy, Lisa
 Newlands, Gavin
 Nicolson, John
 O'Hara, Brendan
 Onn, Melanie
 Onwurah, Chi
 Osamor, Kate
 Paterson, Steven
 Pearce, Teresa
 Pennycook, Matthew
 Perkins, Toby
 Phillips, Jess
 Phillipson, Bridget
 Pound, Stephen
 Powell, Lucy
 Pugh, John
 Qureshi, Yasmin
 Rayner, Angela
 Reed, Mr Steve
 Rees, Christina
 Reeves, Rachel

Reynolds, Jonathan
 Rimmer, Marie
 Ritchie, Ms Margaret
 Robertson, rh Angus
 Rotheram, Steve
 Ryan, rh Joan
 Saville Roberts, Liz
 Sheerman, Mr Barry
 Sheppard, Tommy
 Sherriff, Paula
 Shuker, Mr Gavin
 Skinner, Mr Dennis
 Slaughter, Andy
 Smeeth, Ruth
 Smith, rh Mr Andrew
 Smith, Angela
 Smith, Jeff
 Smith, Nick
 Smyth, Karin
 Spellar, rh Mr John
 Starmar, Keir
 Stephens, Chris
 Stevens, Jo
 Stringer, Graham
 Stuart, rh Ms Gisela
 Tami, Mark
 Thewliss, Alison
 Thomas-Symonds, Nick
 Thompson, Owen
 Thomson, Michelle
 Timms, rh Stephen
 Turner, Karl
 Twigg, Derek
 Umunna, Mr Chuka
 Vaz, Valerie
 Watson, Mr Tom
 Weir, Mike
 West, Catherine
 Whiteford, Dr Eilidh
 Whitehead, Dr Alan
 Williams, Hywel
 Williams, Mr Mark
 Wilson, Phil
 Winnick, Mr David
 Winterton, rh Dame Rosie
 Wishart, Pete
 Wright, Mr Iain
 Zeichner, Daniel

Tellers for the Noes:

**Jessica Morden and
 Sue Hayman**

Question accordingly agreed to.

Bill read the Third time and passed.

PETITIONS

Royal Mail delivery office in Marple

5.56 pm

William Wragg (Hazel Grove) (Con): I rise to present petitions relating to keeping Royal Mail delivery offices open in Marple and Bredbury. The two offices are currently being reviewed by Royal Mail with a view to their potential closure, yet they enable local residents to collect parcels and items of mail, provide a service that is vitally convenient and employ dozens of local people. Unfortunately, the nearest alternative facility is not in easy reach of the local population and has no direct public transport links.

Petitions organised by me and distributed throughout the area, as well as being placed online, had reached 3,105 signatures as of yesterday. The petitioners therefore request that the House of Commons urges Royal Mail to keep delivery offices open in Marple and Bredbury.

[Following is the full text of the petition:

The petition of residents of the UK,

Declares that the Royal Mail delivery office in Marple, which enables local residents to collect parcels and items of mail, provides a service that is vitally convenient; further that there is no local alternative provision of this service; and further that the nearest facility is not in easy reach of the local population and has no direct public transport links.

The petitioners therefore request that the House of Commons urges Royal Mail plc to keep a Royal Mail delivery office open in Marple.

And the petitioners remain, etc.]

[P001706]

Royal Mail delivery office in Bredbury

[Following is the full text of the petition:

The petition of residents of the UK,

Declares that the Royal Mail delivery office in Bredbury, which enables local residents to collect parcels and items of mail, provides a service that is vitally convenient; further that there is no local alternative provision of this service; and further that the nearest facility is not in easy reach of the local population and has no direct public transport links.

The petitioners therefore request that the House of Commons urges Royal Mail plc to keep a Royal Mail delivery office open in Bredbury.

And the petitioners remain, etc.]

[P001705]

Oadby and Wigston Borough Council

Motion made, and Question proposed, That this House do now adjourn.—(Chris Heaton-Harris.)

5.58 pm

Sir Edward Garnier (Harborough) (Con): May I begin by thanking you for granting this Adjournment debate, Mr Speaker, and the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Nuneaton (Mr Jones), for being here to respond? I want to address the appalling state of affairs at one of the two local authorities within my constituency, the management of which leaves much to be desired at both political and administrative levels, is costing the local taxpayers vast sums they should not have to spend, and is a blot on the wider local government landscape. On any view, the Government need to get a grip of this council and ensure that it is turned from its present dysfunctional state into something that my constituents within the borough of Oadby and Wigston are entitled to expect and deserve.

Nothing that I am about to say will take the Minister by surprise because I have written to him and our right hon. Friend the Member for Tunbridge Wells (Greg Clark), the former Secretary of State for Communities and Local Government, and had informal discussions with them both about this council on several occasions over the past year or so.

In local government terms, apart from Leicestershire County Council, which has a county-wide remit outside the city of Leicester, I am concerned within my Harborough parliamentary constituency with Harborough District Council, which has a large Conservative majority, and Oadby and Wigston Borough Council, which has a large Liberal Democrat majority. Harborough District Council is well run and is not the subject of this debate, save in so far as it provides a marked contrast to the shambles that is Oadby and Wigston Borough Council. Walking into the offices of Harborough District Council allows one to experience a well-motivated, well-led and dedicated group of officers and staff at all levels of seniority. From the people at the reception desk to its most senior officers, despite the financial constraints that all local authorities now have to cope with, nothing is too much trouble. There is a can-do, will-do atmosphere, despite the small revenue budget of, I believe, under £10 million, its geographical size and the problems associated with rural sparsity.

In contrast, the atmosphere in the offices of Oadby and Wigston Borough Council is poisonous. It, too, has a small annual revenue budget, of about £8 million. It has an adult population of about 40,000. On Leicester's south-eastern border, although a largely white British community, the borough has within its boundaries a growing black and minority ethnic population, mostly people of south Asian descent who came here directly from India and Pakistan or via east Africa. Many Leicester children attend its excellent schools, not least Beauchamp academy, the best school of its type in the east midlands. Several of Leicester University's halls of residence are in Oadby, as are Leicester racecourse and the famous botanical gardens. Unemployment in my constituency is at or under 1%, and plenty of small to medium-sized businesses in the borough are doing well. It is, in short, a great place to live, to bring up children

and to work, and there is much that its residents, my constituents, can be proud of and justifiably are. What spoils this happy picture is the borough council itself.

In 2015, nine senior members of the council's staff initiated a grievance procedure against the senior management team—the SMT. I will not tonight identify these officers by name, be they the complainants or the respondents to the grievance, because their names are not important to the points I make, but their identities, particularly those of two of the three members of the SMT, the chief executive and the director of services, are well known locally, and there is no bar that I know of on others publishing their names, subject to the ordinary laws of defamation. Of the complainants, some have resigned fearing they would not face a fair hearing under the council's internal disciplinary system, while others remain on full pay but are suspended, their work being carried out by agency or temporary staff. Some of the complainants are constituents of the hon. Member for Leicester South (Jonathan Ashworth), who is in his place.

Jonathan Ashworth (Leicester South) (Lab): The right hon. and learned Gentleman is making his case with typical force. Let me say to him and to the Minister that my constituents over the border in the city of Leicester are affected by this, and I entirely support the right hon. and learned Gentleman's efforts and look forward to the Minister's response.

Sir Edward Garnier: I am grateful to the hon. Gentleman, my parliamentary neighbour, for his intervention. I hope that between us we can persuade the Government to do something to improve the state of affairs in this borough council, he on behalf of his constituents and I on behalf of mine.

The grievance consisted of 214 separate allegations against the SMT. They were considered individually and collectively by Richard Penn, a former senior local government officer from elsewhere who was known to the SMT, but I do not suggest collusion or bias against him. He conducted two exercises: one investigated the complaints from the staff against the SMT, and the other made recommendations about the future management and leadership of the council. Although Mr Penn did not uphold any of the individual complaints, he did conclude—this must have been inevitable given the scale of the grievances laid at the door of the SMT—that they painted a picture of an organisation

“riven and very adversely affected by a deep division between the SMT and a majority of the second and third tier managers”.

Mr Penn concluded that the division between the SMT and the others exposed the need for the council

“to take urgent action not only to heal the wounds of and behind the grievances but also to organise itself in such a way that it has the capacity and stability to face the future with confidence”.

He stated that the council did not have the resource and capacity in-house to do this on its own, and that external support and assistance to both the political and officer leadership would, in his view, be necessary as part of the recovery process. Mr Penn's rejection of the 214 allegations is, I understand, to be appealed, and the complainants who have not already left the council's employment and remain suspended are to be subjected to disciplinary proceedings by the council. These personnel

problems are not helped by the council's chief executive being on extended sick leave for a good many weeks this year. I hope he is now restored to good health.

It is my view that Mr Penn, because he is cautious and wanted to find or promote solutions, used language and a tone in both of his reports that, to someone not familiar with the council, masked the serious nature of his findings about the quality of the managerial and political leadership of the council. My duty is to protect the interests of my constituents, all of whom deserve a functioning, effective, efficiently run and focused council that can organise itself, manage its finances and provide the requisite public services, rather than the internal squabbling and incompetence they have had to put up with over the last few years.

I had become used to getting slow and indifferent service from the council as regards replies to constituency correspondence. To be fair to the chief executive, he asked that all correspondence from me should be addressed to him so that it could be more efficiently dealt with, but I did not realise quite how appalling the state of the council was until the night of the May 2015 general election.

The election count is held in the borough. Apart from my first general election for Harborough in 1992, when the count took place on the Friday morning after the election of Thursday 9 April, all subsequent counts have been done overnight. As a rule, the result is declared between 3 am and 4.30 am. In May 2015, it was not declared until nearly 9 o'clock on the Friday morning. It became clear during the early hours of the morning to all the candidates, the press, and the high sheriff, who was the returning officer—indeed, to most of us in the hall—that the chief executive had failed to organise the counting staff and set in place systems to get the count dealt with expeditiously. One senior staff member at the count walked out as dawn approached and resigned, and others were trying to sort out what can only be described as a total farce. There was an air of sullen rebelliousness in the room among the counting staff.

The chief executive failed to demonstrate the leadership required on that occasion, but, as I later discovered, the state of personnel relations within the council was already bad and getting worse. The staff were having trouble getting the paper records of the ballot boxes and the votes counted uploaded on to the computers. In the end, the high sheriff, a man of almost limitless patience, and I, someone of less Christian forbearance, told the chief executive to give us the result on paper and forget his computers so we could all go home.

I cite this not because of any inconvenience I suffered, but because it starkly and publicly illustrated the shambolic nature of the internal workings and poisonous personal relations in the council. I have subsequently learnt that the SMT had a mole in the complainants' group who was making secret recordings of their private conversations and handing them to the SMT. Quite apart from being underhand and possibly criminal, it can reasonably be inferred that the SMT or a member of it was aware of this person's activities and, indeed, authorised them.

I have also seen documents that indicate that Mr Penn knew of these secret recordings, although so far as I can tell he was the passive recipient of the information and I cannot form a judgment about how they affected his conclusions, if at all. He did not, though, from memory,

disclose in his reports that he had seen evidence of those secret recordings or received emails from the mole. If I am wrong about that, I will correct it.

Just some of the complaints made and then considered by Mr Penn, albeit rejected as matters of detail, can be briefly summarised as follows: there was no clear direction or leadership from the SMT, and there was little or no communication between the SMT and the rest of the council, particularly about what was or was not possible during the coalition Government's comprehensive spending review. I am not concerned this evening about the truth or the falsity of the allegations and am in no position to judge that one way or another, even if I do have criticisms of the somewhat cursory approach that Mr Penn appears to have adopted, judging from the terms of his first report. But that 214 allegations were made and required Mr Penn to consider them is evidence of a council in poor health and, as the saying goes, a fish rots from the head.

On 16 January 2016, in response to Mr Penn's reports, the borough council's newly created change management committee agreed a 15-point plan for immediate action to rectify the problems, most of which can only be described as a précis of the blindingly obvious and things that should be second nature to any half-competent councillor or council officer. This House is entitled to ask why on earth they were not being done already. The committee also decided on a plan for further review of the implementation of the cultural changes and lessons required, consisting of planning the way forward, staff involvement, the role of leadership, employee buy-in, infrastructure, capabilities and measuring success. This House is entitled to ask why such obvious management tools were not in place already and why it took 214 complaints, two reports from Mr Penn and the suspension of the nine complainants to achieve so little at vast public expense.

To take just four suspended complainants, their absence, in one case from June 2015 and in three cases from November 2015, has cost over £215,000 in salaries alone, and their agency replacements will add to that figure. One temporary staff member has cost nearly £55,000 in financial years 2015-16 and 2016-17 for a two to three-day week. By December 2015 the council had spent £107,000 on the investigation and approved a further £100,000, money presumably spent and to be spent on Mr Penn's services via the Local Government Association, on the fees of outside solicitors, on monitoring services provided by Leicestershire and Cambridgeshire county councils and by Mr Quentin Baker of LGSS, a firm linked to Cambridgeshire and Northamptonshire county councils, and on a former employee of the Crown Prosecution Service instructed to consider the evidence necessary to support the disciplinary proceedings, as well as on other temporary staff.

As this farce continues, it is surely reasonable to hazard a guess that the total sums expended and to be expended could be as much as £500,000 which, when compared with the small size of the council's revenue budget, is nothing short of a scandal. There is plenty more that could and should be said about the conduct of certain councillors from the majority group towards members of staff and opposition councillors, but time alone prevents me from dealing with that. Suffice it to say that the evidence I have seen does not make for pretty reading.

[*Sir Edward Garnier*]

In the light of the facts as I know them to be, I now ask the Government urgently to appoint commissioners or other competent officials to go into the council and get it sorted out, or to discuss with the county council in Leicestershire or the borough's neighbouring district councils how they can take over the management of this borough council. I make no party political complaint about the council's majority or its leader. If the residents of Oadby and Wigston want to elect Liberal Democrat councillors, they are free, if unwise, to do so, and if a Conservative council behaved like this I would say the same, but the council leader and his councillors have either been wilful participants or asleep at the wheel and must take responsibility for the shambolic state of the council and its administrative leadership.

I am sorry to say it, but failure, mismanagement and incompetence on this scale within the council now requires decisive action from the Minister's Department, as well as the resignations of the council's leader and certain senior members of its staff. It is time to give back to the residents of the borough a council that works for them. Doing nothing is not an option and I earnestly invite my hon. Friend to take action without delay.

6.14 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): First, I congratulate my right hon. and learned Friend the Member for Harborough (Sir Edward Garnier) on securing this important debate. We have, as he said, spoken and corresponded about Oadby and Wigston Borough Council on a number of occasions, and it is clear from our discussions and correspondence that he has a great passion for his constituency and the interests of the people he represents. I am certainly grateful to him for giving me the opportunity to discuss such an important issue. Local government delivers essential services to some of society's most vulnerable people, and it is therefore vital that it operates effectively.

I wish to begin by setting out the context and emphasising that local government normally functions well. There are many examples of excellent and innovative practice to be found across all types of councils. Councils are held to account through an effective system of local accountability, and where they do require help or advice, sector-led support is available.

As my right hon. and learned Friend will be aware, local government is independent of central Government. Through elected councillors—and, where applicable, mayors—councils are accountable to the communities that they serve through the ultimate sanction of the ballot box. On hearing what he has had to say today, I am sure that many of his constituents will be thinking about how their council has been run, and is currently run, and will look at that accordingly when they make their choice next time at the ballot box.

Since 2010, town hall transparency has been improved by new rules requiring councils to make public a written record of all major decisions. The public also have the right to film, audio-record, take photographs and use social media to report the proceedings of public council meetings. The introduction of the local government

transparency code in 2015 requires all authorities to publish certain data about their resources and expenditure. That makes it easier for local people to act as armchair auditors and hold their councils to account. In addition, councillors hold regular surgeries with local residents, councils conduct consultations on their policies and budgets, and the activities councils undertake are subject to external scrutiny in the form of an annual external audit.

The Local Government Association provides external challenge and targeted sector-led support where it is needed. For 2016-17, my Department has given the LGA £21.4 million so that it can provide training and support for members and officers. The LGA provides policy briefings and arranges peer support from other local authorities. Options include one-to-one mentoring for elected leaders, corporate peer challenges and additional targeted support where it is required. The LGA also has an overview of performance in the sector. That enables it to offer support on a proactive basis to councils that appear to be facing challenges.

Only as a last resort would the Secretary of State for Communities and Local Government use his powers of intervention, and only where there is comprehensive evidence of extremely serious and widespread systemic failings in a council would that be the case. Statutory interventions are rare: the powers have been used only twice in the last five years, and only six times in the last 15 years.

As my right hon. and learned Friend will be aware, the Communities and Local Government Committee recently reported on our interventions in Tower Hamlets and Rotherham, and it agreed that our interventions in both those authorities had been justified. It also emphasised that removing control from democratically elected representatives is an extremely serious decision.

I will now turn to Oadby and Wigston Council itself. The authority has certainly had its challenges. In particular, there have been serious divisions between the senior management team and other officers. It is, however, currently benefiting from sector-led support, and I expect to see significant improvements with the council.

As my right hon. and learned Friend correctly said, a collective grievance was submitted by nine members of staff in May 2015. The council worked with the LGA and appointed an independent investigator, Richard Penn. Mr Penn is a former local authority chief executive with many years of experience as an independent investigator. He concluded that the 214 allegations that made up the collective grievance were unfounded. He found that

“Oadby and Wigston Borough Council is in many respects a well-performing organisation that punches above its weight”.

He provided evidence to support this, including that the council has met all its statutory targets and indicators; completed several major regeneration schemes, including in the town and parks; improved its leisure offer; and redesigned its customer service experience.

Mr Penn did not, however, give the council a clean bill of health. In a supplementary report on the organisational issues arising from his initial investigation, he found that there were

“deep divisions between the Senior Management Team and the officers who took out the collective grievance”.

It was his view that the council needed to take

“urgent action in order to tackle the major challenges of not only ‘healing the wounds’ but also of ensuring that the Council has the organisational capacity and stability to face the future with confidence.”

I consider it essential that the council take immediate action to address these issues, as it is imperative that management issues should not be allowed to impact on local service delivery and the services that are provided to my right hon. and learned Friend’s constituents. In March this year, I wrote to the leader, Councillor Boyce, highlighting my concerns and emphasising the importance of working with the LGA to take effective remedial action.

I am pleased to see that since Mr Penn’s report Oadby and Wigston has worked closely with the LGA. The LGA has met the section 151 officer, the chief executive and the change management committee on multiple occasions. The council has been supported to understand the issues faced, and an action plan has now been agreed.

Sir Edward Garnier: Am I not right in thinking that the section 151 officer is one of the temporary staff—the agency staff—brought in? This exemplifies the problem that I am facing. I really do think we need to be quite serious about requiring the borough council not to allow this just to drift on and drift on, and to fob us off with mealy-mouthed responses. We have to focus laser-like on this council, because otherwise it will just go on and on misconducting itself.

Mr Jones: I thank my right hon. and learned Friend for his intervention. The Department takes this situation absolutely seriously. I hope that he will be assured from the comments that I am about to make that we will continue to take the situation extremely seriously and to monitor how the work that Oadby and Wigston is undertaking with the LGA pans out and how it improves governance of the council.

The action plan includes the following: achieving cultural change in the council, ensuring effective prioritisation, improving ways of working, and improving understanding of officer and member roles and relationships. There are clearly areas where the council must improve, and this plan sets out the improvement journey that the council now absolutely needs to make. I expect the council to implement it fully and effectively. I understand that the LGA is running a programme of sessions with members and officers, separately and together, this autumn. These will cover all elements of the plan, although they will, in particular, ensure that members and officers understand their roles and how to work effectively.

The LGA now considers that Oadby and Wigston has a thorough understanding of what happened and what it needs to do to put it right. The council’s external auditor, KPMG, has also been kept informed, and it does not feel that there are currently any matters that warrant further scrutiny from an audit perspective. It is important that the council continues to keep its auditors informed as it works to implement its improvement plan.

The LGA will also work with Oadby and Wigston to conduct a peer review, whereby officers and members of another authority will provide challenge and share learning.

That is something that I have strongly encouraged. The peer review should consider whether the council has made sufficient progress against its improvement plan. I will take a keen interest in the findings of the peer review, and I encourage the council to make those findings publicly available.

Indeed, I expect the council not only to take steps to address the challenges that it has faced, but to reassure the public that its problems are in the past. The council must act in an open and transparent way, if it is to be properly accountable to the community that it serves. Wherever possible, the council should make available details of the problems it has faced, the action it has taken to address those challenges and the progress made. Oadby and Wigston has certainly had its challenges.

Sir Edward Garnier: My hon. Friend is being extremely generous in giving way; there is nothing more tiresome than busy little Back Benchers who jump up and down all the time. What is the timetable that he has set himself and the council so that he will be able to measure whether there has been any change in the conduct of its administration? Saying, “We hope that the following things will happen,” is good, but unless that is done by a given date and it is required to report to my hon. Friend and the Department, things will drift and I cannot afford to see that happen.

Mr Jones: My right hon. and learned Friend should not think that being a busy little Back Bencher is a bad thing. In fact, in this case it is extremely important, because he has raised an extremely important issue. He makes a very important point that this is about not just warm words, but making sure that the issues that the council has faced and the remedial action taken to deal with them are followed through. In that context, I need only to refer to the action that the Department took in relation to Rotherham Council. The Audit Commission produced several reports on the council and the local authority responded with warm words, but the actions suggested by the reports were not followed through properly. Subsequently, Rotherham Council found itself in an untenable position whereby the Department—this is very rare—decided that intervention was necessary. I say to my right hon. and learned Friend that I will be watching the situation extremely closely.

On timescales, at this point I am content to see the work with the LGA undertaken, but I will not be content if significant progress is not made. I think that this debate will make the council fully aware of that. As I said at the outset, local government must maintain its independence from central Government, and it must answer to its electorate. In very rare circumstances we directly intervene in local authorities, but in this case I expect significant improvement.

I ask one thing of my right hon. and learned Friend, and I am sure that he will deliver on this. If he is made aware of any additional information or additional issues that arise at Oadby and Wigston council, I would be more than glad to hear from him to make sure that those issues are being addressed. I thank him for bringing this important issue to the House, and I look forward to keeping this dialogue going with him over the coming months so that his constituents can feel confident that they are getting the service that they deserve from Oadby and Wigston council.

Sir Edward Garnier: I wanted to intervene finally for two reasons: first, to welcome the wonderful Deputy Speaker to the Chair, and, secondly, to thank my hon. Friend again for the care and attention he has given to this matter. He has got lots to deal with in his portfolio, and I have every confidence, having heard what he has had to say, that he and his officials will keep a very close eye on this borough council. Of course, he and I will be in close contact with each other as the need arises, and I am grateful to him for helping out this evening.

Mr Jones: I thank my right hon. and learned Friend for his kind comments, and I am sure we will continue that dialogue.

Question put and agreed to.

6.30 pm

House adjourned.

Westminster Hall

Tuesday 6 September 2016

[MR GEORGE HOWARTH *in the Chair*]

Local Government Reform

9.30 am

Alec Shelbrooke (Elmet and Rothwell) (Con): I beg to move,

That this House has considered local government reform.

It is a pleasure to serve under your chairmanship, Mr Howarth. This morning I hope to start a meaningful conversation about the future of local government and its reform. Over the past year, I have prepared a report into a bunch of radical ideas about where to take local government. Some people will agree with some aspects of my report, and others will totally disagree with other aspects, but I hope that from that process a certain consensus can be formed, and that the Minister will get some idea of direction from the debate. For the record, I state my thanks to Mr Joshua Harvey, who has done a lot of research for me while putting the report together. That has led us to where we are today.

I will give a brief history of local government, which I am sure many people understand, but I want to make a couple of points in context. The 1832 Reform Act gave the franchise to a lot of people, but it was 1835 that saw the first decentralisation of government with the creation of municipal corporations. Only in 1888 was there the creation of 66 county councils, which for the first time had increased powers—over financial and political administration, roads, bridges and council buildings. County boroughs were then created, so that areas with more than 50,000 people could self-administrate, and that was the first multi-tier approach to local government. What struck me was that at the time the telephone was in its infancy and there was certainly no computer power, so how things were administered relied on that—a 19th-century approach to slimming down authorities in order to cope with the municipal areas.

In 1894, the massive introduction of parish and district councils gave that direct link between the parishes and the county councils, because they covered both urban and rural areas. Mainly, they replaced the sanitary districts. So the two tiers really started to come in about 1894, although another result was the shrinking of several other bodies, which had grown up piecemeal in local communities.

The Local Government Act 1933 was an attempt to consolidate the mass of legislation from the 1800s through into the 1900s into a single Act. As we moved on, however, a lot of the consolidated powers started to be spread out again—perhaps to corporations or central Government, with social housing, education policy, the welfare state and the NHS.

The Local Government Act 1963 enacted a major restructuring in London—London City Council powers going to the Greater London Council and the boroughs. I will not dwell too much on that, because in my paper—as I intend in the debate today—I talk not

about London, but about the rest of England. The situation in London is very different and is not something I want to bring in at this stage.

The Redcliffe-Maud report of 1969 recommended the introduction of unitary authorities—this is where things start to get interesting. In the 1970 manifesto the Conservative party stated that it would adopt the Redcliffe-Maud report but in the end, basically, it did not. The Conservative Government did not feel that unitary authorities would work because they might reduce the connection between communities and local government—I will argue that that is not working today and will propose a way in which a better link between communities and local government may be formed; instead, the Conservative Government brought in six metropolitan councils and 41 non-metropolitan councils, with 333 districts.

In 1985, the metropolitan counties were abolished, most becoming unitary authorities, because the existing system was deemed wasteful and to have an unnecessary tier, and that is something that keeps coming back in consideration of local government reform—that some tiers replicate work by other tiers. The 1992 Conservative manifesto wanted to implement single tiers for all non-metropolitan councils.

The Banham commission recommended the creation of 99 unitary authorities, but only 46 were created, given the need to get the legislation through the House. Again, as with all Governments that have attempted to reform local government, the ambition of the Government came up against a barrier, so they only achieved some of it. Likewise, in 2006 the Government advocated unitary authorities throughout local government, arguing that two tiers did not accurately reflect communities' lines and that unitary authorities would improve accountability and leadership, but by 2009 only 10 had been created. Moreover, in 2010, under the coalition Government, some of those were reversed.

In 2011, obviously, significant powers were passed down to local authorities, and I argue that those should be increased. Police and crime commissioners have also been created, and now there are Mayors on top.

In the process of preparing my report, I looked at other systems around the world. Interestingly, where there are other tiers of local government in Europe and elsewhere, often they do not sit under each other, but next to each other.

Sweden has unitary authorities with four-year terms. Germany is interesting, with the Federal Government and regional government, which then splits down into counties and municipalities—they are divided and split down to reduce the power that any one area can hold. In some areas, however, a six-year term is served, which is an interesting approach. Belgium is really interesting because it has federal, regional and community governments, all of which sit at the same level; all have independent powers that do not cross over, and have well defined areas of responsibility. They sit for six-year terms. The USA has federal and state government, and then the counties—a lot of that is due to size.

The proposal in my paper involves first looking at whether we have proper accountability between councils and their people—are councillors accountable as representatives, and do the public have the ability to make a definite change? In that process, I looked at my

[*Alec Shelbrooke*]

unitary authority in Leeds, which has three councillors per ward and the council elected in thirds. It is therefore hard for the public in any one election to say, “We want to change the council.” In fact, it is notable that the last time there was a huge change was during an all-out election in 2004. Gradual chipping away was then followed by the high-turnout elections in 2010, held at the same time as the general election, and the council changed colour again. Can the public get any change when they are only electing a third of the council? Consider which wards are safe, which are likely to change and which parties might split across, and the public probably cannot change the council.

Probably the most controversial area in my report is the proposed abolition of the two-tier system of district and borough councils. We should keep the town and parish councils because they are in the heart of the community and have the absolute, direct link to villages and towns. They can play an important role in discussing with county councils future planning policy, parks and countryside. With that I would still include the provision and maintenance of facilities, including arts and crafts, allotments, car and bicycle parking, cemeteries and crematoria, parks, village greens, playing fields, public rights of way, public toilets, signage, village halls, war memorials and so on.

Chris White (Warwick and Leamington) (Con): With one tier of local authority, is my hon. Friend suggesting that parish and town councillors be given more powers?

Alec Shelbrooke: An enhancement of contribution would be a better description than more powers. My constituency includes several parish councils and a town council—I would encourage two of my towns, Rothwell and Garforth, that they need a town council. Where the contribution is not taking place is between Leeds City Council and the areas that do not have a town or parish council, on the future direction of planning policy. It is not a question of passing more powers down, but of enhancing the ability of areas to take part in sensible negotiations and conversations, and reflecting that in council policies.

Simon Hoare (North Dorset) (Con): My hon. Friend is providing an interesting overview of local government. I served as a councillor for 12 years. On the point about parish and town councils, the direction of travel through reorganisation and changes of financing arrangements is clearly to give more responsibilities—to passport them down—to lower, possibly more accountable tiers. Does he agree that whereas district, county and borough councils now know that there is a capping regime, the occasional uncertainty from the Department about the precept and capping makes long-term financial planning not as easy as it could be for town and parish councils?

Alec Shelbrooke: My hon. Friend makes an important point about some of what I see as the disconnect in long-term planning among different levels of council, from those at the top—the county or unitary authorities—down to the parish councils. One of the ways in which I hope to simplify local government is to give clear delineation and planning for a fixed period.

The key change that I am talking about is effectively to have unitary county councils, with one member per ward of 15,000 people. I have chosen that figure, but I am not wedded to it; it is simply the case that in my city of Leeds, we have three councillors representing wards of 15,000 to 18,000 people. One councillor representing those wards would have more of a direct link to those people, rather than the link’s being diluted among three councillors. That is by no means to disparage any councillor. My experience has been that the local councillors in my constituency all work hard and make a contribution to the community, but I have reached the conclusion that it is time for councillors’ hard work and the fact that new powers have been passed down to them to be recognised by paying them a much larger salary. That would allow people to take up the role of councillor and give it their full attention on a full-time basis. I proposed in my paper that that salary should be £37,481, which is half of a Back-Bench MP’s salary.

Mr Clive Betts (Sheffield South East) (Lab): I welcome the hon. Gentleman’s opening remarks and his report, which, as he said, stimulate discussion and debate about the future. I have one issue about councillors. The Communities and Local Government Committee held an inquiry in the last Parliament in which we looked at the role of councillors. We recognised that many still work, and they lose out financially when they become a councillor. That is perhaps okay until they get a family, but then it all becomes too difficult. My concern about his proposal is not that it is intended to elevate councillors’ income to some degree, but that it will almost exclude people who have careers and want to continue with council work.

Alec Shelbrooke: The hon. Gentleman makes a reasonable point, and I have tried to tackle that issue in what I have put forward. One of the reasons why I thought that it was time to move to paying councillors a considerable salary was that a lot of people are currently excluded from council work because they have a career in another area and find it hard to be a councillor alongside that. That issue is certainly evident in the make-up of some councils. I fully accept that the conundrum here is how we set a professional salary and allow people to come in from the outside world to contribute to council work, while allowing people to do that who may not necessarily be able to get the time off work. Whatever the law may state, there comes a point when people make that consideration for themselves.

Justin Tomlinson (North Swindon) (Con): It is great that we are exploring these issues. With greater devolution comes greater responsibility. We need to attract captains of industry, who are talented yet short of time. Rather than offering them £37,000 a year, we could perhaps have shorter meetings and ensure that meetings are in the evenings, so that they do not clash with daytime work.

Alec Shelbrooke: That is a sensible suggestion, and we need to assess it in considering how best to make local councils work. I am in no way suggesting that people would be councillors and that is it. MPs do not do that. Many MPs have business interests outside the House, and that is to be encouraged, because it brings in a diverse range of people: those earning six or

seven-figure salaries; those with experience in all walks of life; perhaps those who have come up through the trade union route or just from a blue-collar background; white-collar workers; business owners, and so on. That brings diversity to Parliament, and that shows through in many debates. There is a conundrum, and this area can be debated more, but the solution that I have looked at is attacking that in one way by paying a rather large salary.

Mr Christopher Chope (Christchurch) (Con): My hon. Friend has mentioned the word diversity, yet he is trying to impose a new blueprint. Does he not think that one of the great strengths of local government in England is diversity? There is strength through diversity. Why does he not believe in allowing each council to decide the best structure for itself—whether it wants to meet in the evenings, what it wants to pay its councillors, and so on?

Alec Shelbrooke: My hon. Friend makes a point about how we can run local government, and he is right that councils have been able to make many of those decisions for themselves, but our Government have forced many extras on local councils as part of the devolution deals and so on. There has been multifarious tinkering, with people saying, “This is what must be done,” and I rather worry that the system is becoming over-complicated. That creates an issue: where does the responsibility actually lie? The aim of my proposal is to clean up the system, allow people to have real power and make real decisions, and at the same time allow the public to know exactly who is responsible for issues and make more casting verdicts.

When I did my research, I looked at some of the ways in which responsibilities operate throughout Europe, but my proposal fits the state governor and state senate model of the United States. Above the council—with one elected member per ward, a cabinet system, and a leader from the largest party—there would be a county Mayor, whose day-to-day job would be to deal specifically with all transport issues, from the running of buses and rail stations, and anything that might fit under Metro in West Yorkshire, to major infrastructure projects. As prescribed, the county Mayors would regularly meet the Secretary of State, and one of their roles would be to work on linking up national infrastructure projects among counties to ensure that we really moved forward with those projects.

I would have multiples of salaries for different roles. There is one thing that I looked at but then thought, “I’m not sure this can work.” I was looking at checks and balances. I thought, “Should the opposition parties chair the scrutiny committees?” I thought, “That’s not a bad idea—but hang on a minute: there are plenty of councils around the country where there simply aren’t enough opposition councillors to chair enough of the scrutiny committees.” As I thought through some of these things, I came to the conclusion, “That might sound okay, but it’s not going to work.” That is one area that needs to be looked at.

Alison Thewliss (Glasgow Central) (SNP): In his consideration of there not being enough opposition parties in councils in many parts of the country, has the

hon. Gentleman given any thought to introducing an electoral system such as single transferable vote, which would bring in a diversity of candidates and parties?

Alec Shelbrooke: I thank the hon. Lady for her comments. I did look at that, and I concluded that I am trying to achieve direct accountability between elected officials and the public, and the public must have a clear and simple view when deciding whether to change things.

I have two examples. The first is the Mayor of London. Let us be honest: when the Mayor of London was established, it was generally thought that it would be almost impossible for there to be anything other than a Labour Mayor. However, for various reasons—I do not want to go into that debate now—the mayoralty changed colour, and it has changed colour again. The second example is the 1997 general election, when there was a clear mood among the public that they wanted to change the Government. They knew what they had to do, and they went to the ballot box and voted in their millions in specific constituencies to kick out 18 years of Tory Government. The Tory party went from a majority Government to 165 seats, losing seats that it never thought possible to lose. The public knew, “It’s first past the post, so we can go in there and change things.”

That is why I have always shied away from changing first past the post, because it gives ultimate power to the public, who can say, “I haven’t got to think about alternative votes; I haven’t got to think tactically. I’m just going to go in and vote for Tony Blair and that’s it. I’m not interested in any other party.” That is what happened in 1997, when we had that massive, seismic change in British politics, and what happened from that period still reverberates today. I appreciate the long-held policy of the hon. Lady’s party and where she is coming from. I hope she recognises that I am trying not just to pass down bigger powers and make one person responsible, but to say to the public, “It will be really easy for you to change who is governing you at a local level if you want that.”

Mr Chope: Surely that is an argument strongly in favour of having all-out elections every four years. That gives the people in a locality the opportunity to kick out their council if it has not been doing the right job.

Alec Shelbrooke: I could not agree more with my hon. Friend. Part of my proposal is for a five-year term, and I would have that as a mid-term between general elections. That is for two reasons. First: all out. In the space of five years, the public would go to the ballot box twice—for a general election and for all local elections—and they would be able to change a council wholesale if they wanted. One of the weaknesses in my council is that we elect by thirds. Mathematically we really cannot make a real change when electing by thirds, yet when we have had all-out elections councils have changed colours. I therefore entirely agree with his point, which is a key plank.

Graham Stringer (Blackley and Broughton) (Lab): I have listened carefully to the hon. Gentleman’s thoughtful speech. The basis of representation is taxation, and what has bedevilled local government since it was set up is the nature of the rates changing to poll tax and then

[Graham Stringer]

council tax and the relationship of that with business rates. One of the reasons for electing by thirds is that when the rates, poll tax or council tax are put up, people have an immediate ability to make a judgment on that taxation. I would be interested in the hon. Gentleman's thoughts on the future of taxation in local democracy.

Alec Shelbrooke: I thank the hon. Gentleman for his intervention. Perhaps controversially—this is a policy put forward in the past not by my party but by the Liberal Democrats—as much as possible I would move money-raising powers down to the local authorities. Certainly we are seeing the passing down of business rates and although I do not know the exact proportions, so I would not like to put on the record what the change is, more and more of the local government settlement is coming from within local government rather than from central Government grant.

That opens up a much wider debate than time will allow—I know several people want to speak—but the point of the drive I am making is that significant powers would be passed down to councillors with the increased salary and accountability. For example, I would give the chair of the clinical commissioning group—one CCG for the county—a cabinet position in the local authority. I was commenting earlier that Nicola Sturgeon was a very well known MSP across the UK before she was leader because she was in charge of healthcare. She made a real name for herself there. People knew exactly who was responsible for what happened, and that could work in local councils. A lot of healthcare could be passed down to the local authority, and it could have people there.

I thought about putting police and crime commissioners in the cabinet, but I did not do so. As I have said on the record several times, I favour merging West and South Yorkshire police—the hon. Member for Sheffield South East (Mr Betts) totally disagrees with me on that—so I would keep PCCs separate from the county councils because otherwise we would remove that option. That is one area that I would not bring into the county council set-up.

Mr Betts: I thank the hon. Gentleman for giving way once again and I apologise to him and to you, Mr Howarth, because I probably cannot stay to the end of the debate as I have an appointment at 11 o'clock. I very much agree with his comments about moving tax-raising powers down and about bringing health and social care together. However, he proposes that a model be forced on authorities. Combined authorities work because counties come together to pool their powers. The met councils come not work because they were an imposition from the top, which districts really resented, and that created a lot of conflict. I wonder whether he has thought through that concern.

Alec Shelbrooke: The hon. Gentleman is absolutely right. This is a controversial proposal and I am effectively saying, "I'm going to tear up everything that exists and the Government will enforce a new pattern, which I believe is better." That is a totally controversial policy and many people may disagree with it. However, to promote working together I propose a new model under

which, instead of just having the leader of the council, there would be a county Mayor—a separate, elected person who would work together strategically with the other authorities and feed that in as a joint partnership.

I do not shy away from the fact that I am putting forward some really radical ideas and radical reform, and that there will be people who strongly disagree with them. I welcome that, because I genuinely want to start a conversation about how to move forward. I do not expect that a great many of my ideas will ever be adopted, but I think there are aspects that a lot of people can agree on, and local authorities around the country, who I am sure are listening today, may look at those aspects and think, "Actually, I don't agree with imposition from Government on these issues, but perhaps there is an argument for having just one all-out election."

To take the City of Leeds, it costs £1 million to run an election. If we had one all-out election, we would save £2 million—half a million pounds a year—which in tight local government budgets is a considerable sum of money.

Several hon. Members *rose*—

Alec Shelbrooke: I want to crack on, so if people will forgive me I will not take any more interventions. The Mayor would not just deal with transport issues but have the ability to declare a state of emergency. To take the example of West Yorkshire and the tragic flooding we had last boxing day, that flooding occurred across five authorities, all of which command areas of the services differently. The Mayor would be able to take control of a command post for emergency services and fundamentally, having declared a state of emergency, that could be funded through central Government. That is an important aspect to ensure that the best job can be done.

I have a couple of points to raise on costs. Funnily enough, moving to single members for each ward representing 15,000 people and paying them almost £38,000 in salary would save £30 million a year. That is a basic calculation on back-bench salaries and we would need to look at allowances paid on top, but that does show that it is possible to reward councillors more and more. I would like to give a lot more powers to local councils. I would like to give them direct accountability from an all-out election, with one member per ward, and direct, named responsibilities on areas that really affect people's lives. I honestly think that would improve turnout at local elections.

The time has come, effectively at the start of the 21st century, to look at how we take what happened in the 19th and 20th centuries to make a system that can last for the next 100 to 150 years and give real accountability and a direct approach to the electors. I will be very interested to hear people's contributions. Fundamentally, this is a debate for the Minister. I would like him to hear what I have said and what other people say, and see if there are aspects that can be taken forward.

9.59 am

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Elmet and Rothwell (Alec Shelbrooke) on setting the scene. I have spoken to the Minister, and I want to give a perspective that may be helpful in the

debate—because we have made some changes in local government in Northern Ireland—and add some thoughts on the way forward. The issue is close to my heart, because I was a councillor for some 26 years, on Ards Borough Council. I resigned that position when I became the Member of Parliament for Strangford. That was one of my election commitments. I also stepped down from the Northern Ireland Assembly.

In the few years since I left there have been massive changes in local government in Northern Ireland, and I believe that there are lessons of merit there for the reform proposed for England and Wales, which the hon. Member for Elmet and Rothwell has set out today. On 22 November 2005 Peter Hain, the then Secretary of State for Northern Ireland, announced proposals to reduce the number of councils in Northern Ireland from 26 to seven. As I discussed with the Minister before the debate, change is by its very nature unpalatable to some, but carried out correctly it can be constructive in finding a better way forward. That was what we found when we made the changes in Northern Ireland.

The super-councils, as they were named, were to have a number of new powers in such areas as planning, local roads, regeneration—the preparation of my council area's regeneration plans has concluded, and they are awaiting endorsement and a way forward—and the fostering of community relations. Those things are to be transferred from the existing joint boards and other bodies, which are much closer in size to the proposed local authorities. The changes were made with a purpose. A lot of thinking and ideas went into them. Legislation was to be introduced to prevent serving councillors from also being Members of the Northern Ireland Assembly. I stepped down, as indeed did my parliamentary colleagues. I found it very hard to say farewell to my job as a councillor, which I enjoyed, and to the Assembly. Of all the jobs I have ever done, I enjoyed that of councillor, because the council dealt with bread-and-butter issues, which kept us in touch with our local people.

The Local Government (Boundaries) (Northern Ireland) Order 2006 was made on 9 May 2006 and provided for the appointment of a local government boundaries commissioner to recommend the boundaries and names of the seven districts, and to divide the districts into wards. An eight-week public consultation on the proposals, during which members of the public could make written submissions, ended on 5 January 2007. Public hearings conducted by assistant commissioners were held in January and February 2007.

To be fair, the old councils really just lifted the rubbish and buried the dead. The changes that came in gave the new councils extra powers, and with that came the necessity for knowledge and time to make things happen. The hearings were essential to ensure that the end result would be workable. It was found that the reduction from 26 councils to seven would mean a loss of local feelings of identity and co-operation; it was therefore announced that there would be 11 councils. That was the balance of the agreement. I love the Ards council area, and those who represented North Down love that area. Sometimes debates on small things such as names are important for us all. The end result was the name Ards and North Down Borough Council. After much deliberation by the councillors, we found a way. It was almost a shotgun wedding; maybe there was not a lot of love at the beginning, but certainly that

relationship came together. Even now, two years into the process, the local councils are starting to gel and work together. It is about time and change and state of mind. That is the first lesson that needs to be learned in local government reform from the review of public administration. It is essential that there is consultation, as the hon. Member for Elmet and Rothwell mentioned. I urge the Minister to ensure that there will not simply be a check-box exercise, but consultation is seen as an integral part of the process.

The legal framework for the creation of the 11 new councils was put in place by the Local Government (Boundaries) Act (Northern Ireland) 2008, passed by the Northern Ireland Assembly. In England and Wales there are nearly 500 fewer councillors than there were in 2010, according to *Local Government Chronicle* analysis of data shared exclusively by the Local Government Boundary Commission for England. The 111 boundary reviews completed in the past six years have resulted in the number of members being cut at 69 councils, and a net fall of 491 councillors. There will be more to come if the changes happen at the same level as in Northern Ireland, where what the media called a golden handshake was offered to long-serving councillors with more than 12 years' service. Those were up to an amount of £35,000, amounting to £1.8 million.

There may also be something to be learned there. It is good to have fresh blood in a council, but experience should not be overlooked and forgotten. Having spoken with experienced or older councillors in the new council, I think it is clear that experience is often what is needed. I urge the Minister not to throw out the grey-haired babies with the bathwater. Their experience is crucial and critical alongside the new developments and the new way forward, and we sometimes need those with experience to continue to be involved. There must always be an adequate number of councillors for each aspect of council work, and there must be accountability to the public. My fear is that in allowing a reduction in some areas, we may find ourselves with a healthier short-term bank balance and a not-so-healthy council chamber. I know that the Minister and the shadow Minister will talk about that.

I could continue to draw comparisons between the Northern Ireland perspective and the plans for England and Wales, but time does not allow me to do so at any length, so I have made just a few comments. However, I want to underline the fact that a council is not a business; it is a service provider. The hon. Member for Elmet and Rothwell and other hon. Members are right to say that there must be a wage that encourages people to be councillors. In Northern Ireland the wage for a councillor is a minimum wage, which is more than there was before, but along with that comes a mileage allowance for going to meetings. Meetings are held with the agreement of councillors, whether during the day or at night. Most are probably at night, because most of the councillors on the Ards and North Down Borough Council have other jobs to keep, and they have to fit meetings into their employment. That issue cannot be ignored.

A council is legally obliged to provide a service for the constituents it serves. Financial responsibility is one of the greatest issues that a council faces—how do we keep costs down while preserving the quality of service? Any reform must be based on that question, and any successful reform will involve consultation and adaptability

[Jim Shannon]

to change. A councillor's responsibilities may go far beyond their remuneration, which is something that should be dealt with. As a former long-serving councillor I am often bemused by the way our new council runs things, and I wonder why changes have to happen in the way they do. However, as a ratepayer living in the Ards and North Down Borough Council area, my interest is to ensure that my rate bill, and that of my constituents, is acceptable, and that the quality of the service is of an appropriate standard. That is all that people throughout England and Wales want as well. I urge the Minister to take the time to hear about and take on board the changes that we have made in Northern Ireland and the sensible proposals made here and in other forums. The changes involved much deliberation, thought and discussion, and I think they can help in the debate that the hon. Member for Elmet and Rothwell has initiated. They can help us ensure that the people get what they want and, more importantly, what they need from their local government body.

I apologise, Mr Howarth, to you, the Minister and the shadow Minister, that I must leave at a quarter to 11, because I have a meeting of the Select Committee on Defence.

Several hon. Members *rose*—

Mr George Howarth (in the Chair): Order. Three more Members have indicated a wish to speak, and I propose to call the Front-Bench speakers at 10.30 am. I do not propose to impose a time limit on speeches, but I ask hon. Members to be mindful of the fact that if all three of them are to get in they will need to be relatively brief.

10.8 am

Martin Vickers (Cleethorpes) (Con): It is a pleasure to serve under your chairmanship, Mr Howarth. I apologise for not having turned my mobile phone to silent earlier in the debate. It was actually the leader of the council on the phone, who was no doubt going to tell me. "Don't say that, under any circumstances."

I congratulate my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on initiating the debate. I was going to say that it is timely, but it is one of those subjects that we debate about every six months, coming to similar conclusions and perhaps not advancing as much as we would like. We ought to congratulate the Minister, and both the present Government and the coalition that preceded them, on advancing the localism and decentralisation that those of us who have served on councils have encouraged. In my 26 years as a councillor, whatever Government were in power, there was more and more centralisation, and we railed against it to no effect. We have now got a reversal of that, and we should congratulate the Secretary of State and his predecessor for the work they have done on that.

If the Government believe, as they clearly do, in the process of devolution—and to some extent in elected mayors, though they do wobble on that occasionally—they have to grasp the nettle and move forward. I have some sympathy with what my hon. Friend the Member for Elmet and Rothwell said when he spoke about having a county mayor. The problem, of course, is that counties

such as Yorkshire and my own county of Lincolnshire are somewhat large. Lincolnshire is 75 miles from north to south, and the connection between, say, Gainsborough in the north and Spalding in the south is somewhat tenuous, both in their local economy and in the fact that, in all honesty, people in Gainsborough rarely, if ever, go to Spalding, and vice versa, nice though those towns are.

My preference is for unitary authorities across the board. Personally, I would have them headed by elected mayors. We should not be frightened of the elected mayor process, as other Members have said. It is a form of direct election in which, as with the referendum and so on, the voters give a clear answer; it is black and white. I think that is to be encouraged. I know people will draw comparisons with the police commissioners and say that we should look at the terrible turnouts, and that nobody really knows who the commissioners are and so on, but it is early days yet. I genuinely think that the police commissioners have a role to play, though I would not be opposed to transferring their powers to an elected mayor.

There are problems with that, of course. My own county of Lincolnshire is actually served by two police forces. Unfortunately, those of us in the north of the county still have the relics of the County Humberside scheme—we have Humberside fire and Humberside police and so on, but that could be corrected relatively easily. I think we should move forward on that. We are moving forward in the sense that we have the Greater Lincolnshire devolution deal, which the local authorities have signed up to, although there are reservations about the role of an elected mayor. As I said, I am personally very much in favour of an elected mayor, and I hope the Government do not wobble on that. One or two of the authorities are wobbling, mainly because the consultation came out with more or less a 50:50 decision.

The reality, of course, is that such consultations are pretty meaningless. How many real voters actually took part in the consultations? Yes, there was the chamber of commerce and the institute of this, that and the other, but the reality is that they do not engage the average voter. Why should they? The man and woman in the street want the bins emptying, the streetlights going on and the potholes filling. They want an efficient local authority. The structure of the authorities is completely irrelevant to them, though of course they want to be able to influence the outcome, particularly in relation to the setting of council tax.

The hon. Member for Blackley and Broughton (Graham Stringer) made a point about having more regular elections. Personally, I have always been in favour of election by thirds. I recognise that does mean that there cannot be a clean sweep and people cannot make a sudden change, but in the past one of my arguments has always been that having elections every year is actually good for local political parties. Across the political spectrum, we struggle to maintain interest in local elections and local parties. The local parties are a vital part of the structure of our democracy, and I do not think we should lose sight of that.

Alec Shelbrooke: Is that not a party political argument rather than a local government argument? Is the problem of electing on thirds not that, a couple of months after an election, people are immediately looking to the next

election, and long-term strategic decisions that may be controversial at the start but have a long-term effect do not get taken?

Martin Vickers: That is certainly true, but the opposite of that is that local authorities are constantly looking over their shoulders at the electorate—and so they should. That is the whole point of accountability. The one thing that perhaps weakens the argument about the importance of keeping local parties involved is that we now have more elections, because we have police commissioners, and under my system we would also have elected mayors, so there is a constant move toward elections. Personally, I think we should give local authorities the option of having elections not by thirds but by halves every year or two years. That might be a sensible way forward.

Mindful of your comments of wanting to get other speakers in, Mr Howarth, I will not dwell on the matter too much further. I like the idea that my hon. Friend the Member for Elmet and Rothwell put forward of having the chairman or chief executive of a clinical commissioning group as some part of the structure. I also draw attention to the role of local enterprise partnerships. Yes, they have grown and are playing an important part, but they suffer from a lack of accountability. If we had cross-border unitary authorities, it would be useful to transfer some if not all powers from the LEP to the unitary authority.

10.15 am

Mr Andrew Turner (Isle of Wight) (Con): It is an honour to serve under your chairmanship, Mr Howarth. I congratulate my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on securing the debate and on his paper.

I believe we need reform, and I welcome this debate, but there are a couple of proposals with which I disagree. First, I do not believe that the role of councillor should be a full-time position with a full-time wage. On the Isle of Wight there is an all-purpose council. There are currently 40 seats, and the council is led by an independent group with a small majority. The basic allowance for a councillor on the Isle of Wight is £7,700 a year. Last year, the average received by 39 councillors—not the leader—was £10,800. Under my hon. Friend's proposal a council leader would earn £74,000 and the basic salary would be £37,000. I fear that would create a purely economic incentive to stand for the council, and in my view we should not lose the long tradition of the incentive to become a councillor being someone's dedication to the community they serve.

Secondly, I disagree that one councillor should represent 15,000 residents. That reform would bring down the number of councillors on the island from 40 to seven. One person would represent the entire western area of the island and a ward in the south. For those unfamiliar with our geography, that is a physically large area for one councillor to cover. Having one councillor who represents 15,000 people might be appropriate for an urban situation, but I do not believe it would work well in rural areas. The benefit of having smaller wards is that constituents feel closer to their representative. Many know him or her personally, so their councillor is better positioned to represent them. That is especially important for under-represented groups. An example of that is a ward that is generally one of two represented by the Labour party. I believe that reducing the number of

councillors and paying higher wages would disconnect councillors from constituents, and I fear that the effect of my hon. Friend's proposal would be to turn well-known, devoted, grassroots politicians into more remote and distant figures.

Thirdly, in difficult economic times some proposals that would never be considered in other circumstances might seem tempting, but when looking at reform we must look beyond the short term and find sensible plans that will work long into the future. We are, in fact, already facing local government reforms through the devolution agenda. The Isle of Wight Council—a small local authority with unique challenges—is in a very difficult financial position. Unsurprisingly, a proposal for a mayoral combined authority, with promises of more funding, has tempted the ruling group on the Isle of Wight, but the council leader has told me that he feels we are being pushed into the Solent deal by the Government.

The Isle of Wight now faces the possibility of being combined with Southampton and Portsmouth in a Solent authority. The line being peddled is that the Solent authority would join the councils together, when in fact it would separate them. The situation and needs of the two cities and the island are disparate. The suggestion is that spending plans for the new authority would require unanimity, but what would happen if they could not reach unanimity? I fear that the views of the island council would be overruled and the island would lose out.

Mr Chope: Surely the Government have assured us that if individual councils do not go along with a consensus, they effectively have a veto. Indeed, hon. Members of Parliament do as well.

Mr Turner: Well, so they say, but the council has been advised that if unanimity fails, two out of three will do. That is what I am told on the Isle of Wight.

I would welcome clarification from the Minister on stories that have been circulated over the summer about the change in Government thinking on directly elected mayors, which may make other, more suitable options possible. I also ask for a commitment to sit down with the Isle of Wight Council to look at how the underlying problems might be resolved until a fairer funding formula is in place, together with an assurance that it will not be pushed hell for leather into a structure that will not suit the long-term interests of the Isle of Wight.

Many cities that decided they did not want a Mayor in 2012 now face one being imposed. There is no single clearcut answer to what form local government should take, but I am sure of one thing: we should not rationalise by making local government bigger, but we should deliver what the people want.

10.21 am

Chris White (Warwick and Leamington) (Con): May I start by congratulating my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) on securing this important debate? I applaud him for the serious work he has done on this issue.

In my brief remarks, I would like to take this opportunity to reiterate my call for Warwickshire County Council to become a unitary authority. I know that the Minister is

[Chris White]

quite familiar with Warwickshire. I have taken the opportunity to write to all the county councillors, district councillors and town and parish councillors who are elected representatives in my constituency. I have not stepped over to other constituencies, but I wanted to test the view of local representatives in Warwick and Leamington. To my great delight, the response I received was very favourable indeed, which I think is based on two factors.

The first is the financial factor. Early estimates are that something in the region of £17 million a year could be saved if there was a unitary authority. By unitary, I mean not abolishing the districts, the boroughs or the county, but merging the two tiers, because £17 million is money that we well need. At the moment we have something in the region of 240 councillors across Warwickshire. That could be reduced to 100. We have a number of chief executives across the county and a number of assets for both our districts and our county. Those could be reduced, and the money could be either saved or used elsewhere.

My hon. Friend the Member for Cleethorpes (Martin Vickers) spoke very well about the practical considerations, such as the efficiencies, the doubling up of work, the number of CCGs we have, the different procurement officers and the different commissioning officers. My view is that when my highly educated and engaged population think of their local representation, they think they have one council already. That should continue. To have a single point of contact could be nothing but favourable to our local residents' ears. It would make it much easier for people to relate to their local representatives when wondering who to speak to about housing or if they want double yellow lines.

My concern is when I see on the front page of my local paper, *The Courier*, the headline, "Grave concern over potential cuts to disabled services in county" and read underneath in the article that "difficult decisions" need to be made. I appreciate that difficult decisions need to be made, but perhaps the most straightforward decision of all would be for our counties and districts to work together to pursue the unitary agenda, not least because in Warwickshire we have local county elections coming towards us in 2017. I hope that across the different authorities, a great deal more work will be put into fleshing out the proposals. I am sure they will be looking eagerly at the paper written by my hon. Friend the Member for Elmet and Rothwell.

I want to ask the Minister the following questions. Does he agree with the proposals to create efficiencies and savings? Does he agree that it is better to first cut the cost of politics, rather than cut what I consider to be vital services? Thirdly, and perhaps slightly bravely, will he follow my lead in Warwick and Leamington and discuss with his councillors, as a constituency MP, the value, savings and next steps forward for his local representatives in Nuneaton?

10.27 am

Alison Thewliss (Glasgow Central) (SNP): It is a pleasure to serve under your chairmanship, Mr Howarth. I have found the debate very interesting, and I am glad that the hon. Member for Elmet and Rothwell (Alec

Shelbrooke) secured it. I commend him for producing this report, because it makes a useful contribution. He made an interesting presentation about the background of local government in England, which I find particularly fascinating because it is so complex. In Scotland, we have 32 unitary local authorities, which is pretty simple. It is not perfect by any manner of means, and there is a lot of diversity. We have huge city councils such as Glasgow, with a population of 600,000, and very small councils such as Clackmannanshire, with a population of around 50,000. Glasgow has 79 councillors and Clackmannanshire has 18. There is a great deal of diversity.

When considering local government, we cannot make one size fit all, because we have to be aware of the local circumstances and what local communities need. The hon. Member for Isle of Wight (Mr Turner) made that point very well when he talked about having one council ward per 15,000 residents and the impact that would have in his area. We need to be very careful as to how that works. The most stark example in Scotland is the Western Isles, which has a total population of around 25,000—the size of some council wards in Glasgow. They have looked at those circumstances and said, "Well, that would be impractical for the Western Isles and needs to be looked at more carefully."

Alec Shelbrooke: For clarity, my paper focuses on England. I take the point that the hon. Lady makes, but my paper is about England.

Alison Thewliss: I do not want to misrepresent this at all. When looking at different island communities or very rural communities, we need to consider exactly how we set the limits, and there needs to be flexibility around that and the size of council wards.

As I alluded to in the intervention I made earlier, in Scotland we have the single transferable vote and multi-member wards of three or four councillors. That has opened up democracy in Scotland hugely, and it ought to be considered when looking at a review. I would welcome the Minister's thoughts as to whether he wants to do that. The Electoral Reform Society has done a great deal of work on this and has said that moving to a system such as STV would start to challenge rotten boroughs, where we have one-party states in many parts of the country and very little scrutiny. As the hon. Member for Elmet and Rothwell mentioned, there are not enough councillors to chair scrutiny committees because there is not enough opposition, but we need that diversity of voices in local councils. That will make them truly representative of the communities they serve.

After STV was brought in in Scotland in 2007, the Electoral Reform Society did some work on that. It spoke to all the different local authorities in Scotland and said, "What has been the change here?" There was a telling quote from Glasgow City Council, which said, "It felt like we got our council back." That was from one of the council officers. Previously, decisions would be taken by councillors behind the scenes and there was never that public debate or public scrutiny. That change has been extremely healthy for councils in Scotland.

STV does not mean that there has not been change in local authorities. We can come to an election and still see change under STV. There were changes in 2007 and 2012. We hope in Glasgow that there will be changes in

the elections next year. It has been a Labour council for many years, but under STV we have chipped away at that. That has been quite good for the Scottish National party, too, because we have not taken over the council dramatically, suddenly, with very little experience, but have been able to build up experience over the past two council terms. We hope to be in a position next year to take the council in Glasgow. That has been about engaging with the public, building up trust and letting people get to know their local representatives. We have had to work very hard in Glasgow. I was a Glasgow city councillor for eight years before coming here. That has actually been quite good and quite interesting.

STV has also given local communities a choice of councillors. In a one-member ward, even if people think that their local councillor is lousy, they are stuck with that councillor; there is nothing they can do. A three or four-member ward gives people options and means that they can go to different councillors. If people have a local campaign, they can get their three or four local councillors behind it. It can be a very powerful thing in a council to allow for lobbying—it allows communities to have their voice. Three or four councillors working together, as happens in many council wards, on a cross-party basis can be very powerful and useful in those communities.

I agree with some of the things that the hon. Member for Strangford (Jim Shannon) said. He mentioned that he was a councillor for 26 years and he referred to councils lifting the rubbish and burying the dead. I think that we also need to have a debate about the diversity of services that councils now provide. Councils provide a huge range of services, which people do not always see. As long as their rubbish gets lifted on the right day, they do not really care about the rest of it. In the Select Committee on Communities and Local Government, whose Chair, the hon. Member for Sheffield South East (Mr Betts), is present, we are currently conducting an inquiry into public parks and the impact of austerity on park services. Those services are very valued, but we do not really talk about them when we talk about local government. We need to think about the huge diversity in local government and the services that it provides.

I want to say a little about salaries and the impact that there might be in that respect. It is fair that local councillors are paid a wage. In Scotland, when we moved to STV, we moved from an allowance-based system to basic annual pay, which currently stands at £16,893. That is not a huge salary, and some people in councils in Scotland do still work. Depending on what the council looks like, it may meet in the evening; it may meet during the day. Glasgow and, I think, Edinburgh—the bigger councils—generally meet during the day. We have to think about the kind of people that we want to come into our council and the impact that the wages have on them. If someone is a parent or carer and would have difficulty in coming to meetings in the evenings, they will not stand for council. If they look at the council and see all those meetings in the evening, they will say, “I need to be at home; I have responsibilities at home to attend to,” and will not stand for council.

The phrase “captains of industry” was mentioned. At the moment, captains of industry are largely male. Councils in this country are hugely male. We need to think about exactly how we bring women in and encourage women into councils. That may have to do with wages,

but it also has to do with how councils run their business and the practices that they have. That is also an important debate.

There was a lot of talk by various hon. Members about the different complexities of local government and the understanding of local government. The hon. Member for Warwick and Leamington (Chris White) mentioned the need for simplification and efficiencies. Looking at the local government structures in England, I, as a Scottish MP, would not want to impose these structures on anyone, either. There needs to be a sensible look in the round at local government in England. Which responsibilities are held where? Are they in the right place? I am not certain that bringing in things such as mayors on top of already complex structures will help that. If people want to know who is responsible for this service or that service and they do not know who to go to, that will be very disempowering for those individuals.

This morning’s debate perhaps has not concentrated enough on what people want to see from their local authorities. Things absolutely must be done in consultation with local people. The hon. Member for Cleethorpes (Martin Vickers) questioned how many people would want to talk about the structure of local government—how many people would want to engage in that debate—but it is actually quite important. People need to know who their local councillor is. They need to have a person they can go to and they need to know what they do and why they do it. That is vital. Keeping a local link is also important, as the hon. Member for Strangford mentioned. He talked about the importance of local identity. Some of that is getting a bit lost in local authorities in England. I hear again and again in debates in the main Chamber and here that the local authority does not really fit with what people understand to be their local area. Perhaps it would be useful to start with that issue.

There was some debate about the cost of politics generally. I will just reiterate the point that is often made in these debates: politics and democracy do not come cheap. We need to think about that, whatever the structures are.

10.36 am

Teresa Pearce (Erith and Thamesmead) (Lab): It is a pleasure to serve under your chairmanship, Mr Howarth. I am standing in for my hon. Friend the Member for Easington (Grahame M. Morris), who is very disappointed that he cannot be here today. I thank the hon. Member for Elmet and Rothwell (Alec Shelbrooke) for initiating this important debate and for his thought-provoking report—I would expect nothing less than thought provocation from the hon. Gentleman.

With the recent unprecedented cuts to local authority funding, reform and the new wave of devolution, the future of local government is a matter that we now need to look at, and all hon. Members and their constituents share an interest in it. I would welcome any changes to local government that bring about a greater accountability and connection between local people and those who are elected to represent them. The decisions made on their behalf affect them every day—they affect their town, their village, their street—and quite often local people do not know how those decisions are made or who is

[Teresa Pearce]

making them. Often they will ring our offices, thinking that it was us, when in fact it was not us at all. We need to make that connection.

This has been a measured and very well informed conversation. It is interesting that we have heard contributions from many different constituencies, such as Strangford, Cleethorpes, the Isle of Wight, North Warwickshire and Glasgow. That shows that one size does not fit all and that decisions should be made locally, because across our country communities are very different.

The hon. Member for Elmet and Rothwell spoke about his report, in which he made a number of recommendations. He said that many of them are radical, and they are, but a radical shake-up is needed. We needed to start this conversation, and I am very glad that we are doing so. Any report on the future of local government is welcome, but there are many questions, and I hope that the Minister will be able to share his thoughts on some of the concerns that have been raised and some of my concerns.

On council structures, the report makes a recommendation that a uniform system of unitary councils be introduced. I would be interested to know the Minister's estimate of the sort of impact that that would have on local services. Does he agree that local government should be invited to determine local structures, rather than something being imposed from the centre? If reforms such as that were pursued, how would our cities and elected mayors fit into that model?

The proposal features a separately elected mayor who would sit above the council and have powers including approval of the budget. Would that not simply reintroduce a second tier? Does the Minister agree that vesting powers in an executive county mayor would add another layer of government, which would be expensive and sometimes prolong decision making? Should not local people be in the driving seat in terms of determining localised policy, rather than a potentially remote county mayor?

On council funding, the hon. Member for Elmet and Rothwell recommends powers to generate income through council tax, income tax and business levies. I hope that the Minister accepts that council services have been decimated in some areas as a consequence of cuts. We need to look at new ways of funding, but I fear that if the proposed model were pursued, it would create a greater imbalance between local authorities and there could be a postcode lottery. What effect would that model have on individual residents' finances if they were asked to pay income tax both nationally and locally? Does the Minister agree that devolving powers without a clear way to increase finance would simply be to devolve cuts, and the blame for those cuts, to local government?

The final question I would like to ask came to mind after the SNP spokesperson, the hon. Member for Glasgow Central (Alison Thewliss), raised the issue of salaries. One of the things that concerns me, and I would be grateful if the Minister looked at it again, is pensions for local councillors. Many local councillors give years of service. Sometimes that means they have

to forgo career progression; sometimes it means they have to give their careers up altogether for a period of time.

A colleague of mine was a headmaster of a local school and he could not possibly do that while running a local council, so he had to give up that career and consequently about 15 years of his pension, I think. If we are going to encourage people with ability into local government, we need to understand that they are giving a lot of themselves. Where we are trying to encourage the whole nation into auto-enrolment, we should really look at what is a fair return for the years that local councillors give.

I reiterate my thanks to the hon. Member for Elmet and Rothwell for bringing forward this important debate. Any debate on the future of local government is welcome, particularly in this period of uncertainty, when the old ways of doing things do not work any more and we need to look at new ways. In the wake of the outcome of the referendum on the UK's membership of the European Union, we have seen calls for a readjustment of our constitution, from reform of the House of Lords to reform of local government, and I am sure that this debate will be just the start of a coming conversation on local government reform. Local government faces new and varied challenges and requires new, and maybe radical, solutions. I look forward to the Minister's response.

10.41 am

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones):

It is a pleasure to serve under your chairmanship, Mr Howarth. I thank my hon. Friend the Member for Elmet and Rothwell (Alec Shelbrooke) for securing this important debate and note his report on local government reform. I certainly welcome the opportunity to discuss this matter. My hon. Friend said that he wanted to trigger a debate on how local authorities are governed, and he certainly has triggered debate in this Chamber. There have been many, varied views from hon. Members and colleagues who have considerable experience in local government, including my hon. Friend.

Local authorities play a vital part in all our lives. They deliver local services, from collecting our bins to caring for some of the most vulnerable citizens in our society. At a time of wider public sector fiscal constraint, and as demand for many of the services increases, the best of local government has shown itself to be agile and enterprising. Government too are focused on ensuring that wherever people may live, they benefit from effective and efficient services. We committed to that in our manifesto and we will continue to set the right conditions for that to happen. We have committed to giving councils greater flexibility and control over their budgets, introducing the ability to retain 100% of business rates in their areas, giving them greater certainty through offering guaranteed funding across this Parliament, rather than annual budgets, and offering the ability to use capital receipts from sales to fund innovation and reform of local authority services.

I share my hon. Friend's desire for local government to be efficient, effective and accountable. As I know many councils believe, more can be done to improve local government and service delivery, and to provide accountable and stronger local leadership. However, I

do not believe that change should be centrally mandated. The right approach is bottom-up, where the initiative is taken locally. When I come to mention my hon. Friend's comments in more detail, I will elaborate on that.

That is the approach underpinning the Cities and Local Government Devolution Act 2016. It is the approach that we are following for devolution and bringing about governance changes, whether as part of a devolution package, in anticipation of a devolution package, or free-standing to give local people and taxpayers a better deal. Government enacted the Cities and Local Government Devolution Act to enable us to take proposals forward and to implement them where we, and Parliament, are satisfied that they will deliver the better local governance that an area is seeking. There must be a good deal of local consensus. Any new structures must be sustainable and facilitate public service delivery, including effective partnerships with other public agencies, and they must also avoid any unnecessary fragmentation of local services.

Our manifesto set out the need to

“devolve far-reaching powers over economic development, transport and social care to large cities which choose to have elected mayors.”

We have already achieved significant success with 10 devolution deals agreed, nine of which either have established or will establish mayoral combined authorities, covering 30% of England's population. We remain open to discussing credible proposals from other areas. I will go on to clarify some of the points raised, in particular by my hon. Friends the Members for Isle of Wight (Mr Turner) and for Cleethorpes (Martin Vickers).

The deals that we are talking about are to give local leaders the power to drive growth in their areas, but I would reiterate a comment that I have made many times before: there is not a one-size-fits-all solution. Devolution is not just about our largest cities; it is for the whole country—cities, towns and rural areas of all sizes. I have also said many times before that each deal will be negotiated to meet the needs of the area in question. However, devolution must include effective, efficient and accountable governance arrangements commensurate with the size and scope of the powers to be exercised. In some areas, that might mean that local areas may wish to look again at their governance structures.

The report by hon. Friend the Member for Elmet and Rothwell also recommends changes to local election arrangements, including moving to whole council elections and single member wards. This is generally for the Local Government Boundary Commission to consider, but that does not mean councils cannot approach the commission to request a review of their electoral arrangements, should they wish to. My hon. Friend's comments today may well stimulate significant debate in that regard.

The role of a councillor has been discussed, but I would certainly say that a councillor is a community champion, and that the role is a vocation and not necessarily a profession. That is not to say that councillors do not bring significant professionalism to their roles; they make complex decisions that impact on the lives of tens of thousands of people in their areas. They do that repeatedly and successfully and, in my experience, the vast majority of councillors do it in an extremely professional way. In keeping with that vocational role, councillors receive not a salary but an allowance to ensure that they are not left out of pocket as a result of

performing their public duty. Standardising a scheme of allowances, as my hon. Friend mentioned, would go against the principles of localism and devolving power to local authorities. We should trust councillors to ensure that the scheme of allowances they set is fair and proportionate.

Certainly, having a full-time job and being a councillor can be a challenge. I know that a number of hon. Members in this room have experienced the challenge of juggling different roles. My experience is that I was the leader of a district council, I had a full-time job and, latterly in that role, I was also the parliamentary candidate. I did feel as though I was spinning lots of plates and trying to run from one end to the other to keep those plates in the air. I do think there are benefits, as one or two hon. Members have mentioned, in having councillors that can bring their employment experiences to the council chamber. There are also benefits to people being able to take their experiences of the council chamber and the council back to their workplaces. That can benefit businesses and the roles that they undertake in their private capacity.

At this stage, let me pick up a few points that have been made. My hon. Friend gave us a very eloquent run-down of the history of local government. This Government have used that history to learn significantly from what has happened, which is why we have gone for a bottom-up, rather than a top-down, approach.

My hon. Friend mentioned the importance of parish councils and town councils, and the Government recognise that. He said that one or two areas in his constituency may benefit from having a town council, and I would direct him to have a look at Sutton Coldfield Town Council, one of the latest town councils to come into being. It is in a district of Birmingham, which is the largest local authority in the country, so he may want to look at that example.

My hon. Friend made an important point about how we conduct local government elections. He and I are absolutely on the same page, as are the Government, on retaining first-past-the-post elections as the best way to hold elected representatives to account.

Simon Hoare: The Minister mentioned town and parish councils. Clearly, with devolution there is a flow down to a more granular level, and we all welcome that. May I invite him to give some departmental thinking time to the codes of conduct and standards? They are very clear on the lines of communication at a county, district or borough level, but are less so at lower levels of local government. As they are going to be handling more money and be more involved in the delivery of often complex local infrastructure and facilities, we need to have a little think about that, because there is a lot of confusion about which rules cover town and parish councils and which do not.

Mr Jones: As ever, my hon. Friend makes an excellent point. Parish and town councils are there to serve local people; they should have transparent arrangements and be accountable to local people. That can obviously be done through the ballot box and through parish polls. Generally, when there is an issue of standards, the person with that issue can seek redress through the monitoring officer of that local authority, which is usually the principal council for that area. That said,

[Mr Marcus Jones]

my hon. Friend makes an important point and the arrangements in that regard are something that we constantly look at. We will continue to do so.

Let me mention an issue raised by my hon. Friend the Member for Cleethorpes, who welcomed the devolution agenda and having a strong and accountable elected mayor. I reassure him that there is no change in policy in that regard. The choice about whether a local area wants an elected mayor is very much one for that area, but when significant and ambitious powers are to be devolved from Whitehall and from Secretaries of State, who are currently accountable in the Chamber to Members of this House as the local representatives, we—understandably, in my view—require a strong figure who would be locally elected and locally accountable.

Martin Vickers: I welcome the Minister's comments. Does he agree that if a combined authority for a county is created without an elected mayor, the meetings of the combined authority will lack the necessary coherence? Individual council leaders go to those meetings with a mandate to look after their area; supporting a road improvement scheme 50 miles down the road rather than one of their own is very difficult, unless somebody is overseeing the whole project.

Mr Jones: Consideration needs to be given to that role, as it does to adequate scrutiny arrangements in that regard. Any combined authority consists of constituent members who will be there not only to provide advice and support to the mayor, but to scrutinise their work. Ultimately, however, the mayor would be accountable to the people, which is the most direct form of democracy.

I turn to a point made by my hon. Friend the Member for Isle of Wight; we have had many discussions about the situation on the island, which is unique compared with many of the places elsewhere in England. I certainly undertake to have another meeting with my hon. Friend's councillors. It is important that we retain a dialogue about what happens going forward on the island, but I reassure him that this Government do not mandate devolution deals for areas. We listen to what local areas put forward and then consider whether that is an acceptable proposition for the Government to undertake. I say to my hon. Friend that we should keep that dialogue going. I know that the Isle of Wight is speaking to the other local authorities in the Solent area, but it is a choice for the Isle of Wight whether they want to—

Mr George Howarth (in the Chair): Order. I remind the Minister that it is customary to leave some time for the mover of the motion to wrap up.

Mr Jones: Thank you, Mr Howarth; I will conclude my comments in a moment or two.

I will pick up on the comments made by my hon. Friend the Member for Warwick and Leamington (Chris White), who tempted me to go down a path that, as a

Minister, it may not be too wise to go down, but I understand what he said. I say to him that we agree that unitary authorities can bring many benefits, but this has to be done with local consensus. A number of tests need to be met and I will write to him in that regard.

Given what you said, Mr Howarth, I will give my hon. Friend the Member for Elmet and Rothwell the floor for the last three minutes of the debate.

10.57 am

Alec Shelbrooke: I am delighted with the way the debate has gone today, because we have had a range of opinions from different parts of the country, including from my hon. Friends the Members for Warwick and Leamington (Chris White), for North Dorset (Simon Hoare), for Isle of Wight (Mr Turner), and for Cleethorpes (Martin Vickers), among other Members. I thank the SNP and Labour Front Benchers for their contributions, and, of course, the Minister.

I said from the outset that I wanted to start a debate. I am sure that people will look at this debate with interest—some will look at it with anger, some feeling that this is the way forward and some with incredulity. However, one thing for certain is that we have started a discussion about where local government needs to look over the next century, compared with where it has come from over the last 150 years.

The Minister made an important point about history showing that many Governments have introduced the idea of a top-down organisation to unitary authorities. I do not hide away from the fact that that is exactly what my report says should happen. He is right, but as history shows, the conclusion is always that Governments do not get there, and it does not happen. However, I think councils around the country will take a closer look at some things that have been said today.

If I had a priority starting point, I would hope that many councils really take a look at going for an all-out election, because I believe that it gives people a real opportunity to change their council in one hit. I listened to what my hon. Friend the Member for Cleethorpes said and I see his argument, but as I said when intervening on him, I am not sure that having an election every year allows councils to take the real decisions they need to take. In terms of savings, in Leeds I think it costs £1 million to run an election, so that would be £0.5 million a year over a four-year period. That could be invested back into police community support officers and would not actually change the organisation of the council.

Thank you, Mr Howarth, for chairing the debate, and for the responses from everybody who took part. I hope that this really will spark a conversation that leads to some reform brought up from the bottom.

Question put and agreed to.

Resolved,

That this House has considered local government reform.

Transport Infrastructure: York

10.59 am

Julian Sturdy (York Outer) (Con): I beg to move,

That this House has considered transport infrastructure in York.

It is a pleasure to serve under your chairmanship, Mr Howarth.

Appropriate and effective transport infrastructure is a fundamental requirement for the economic growth and success of every village, town and city across the country. However, York's historical setting presents a unique challenge for transport infrastructure in the city. Its Roman foundations and medieval layout would certainly not be approved by today's planning authorities, and traffic congestion in the centre will always be a difficult issue for the city to tackle.

In some ways, York is a victim of its own success. It is an attractive place to live and do business, sitting in the heart of Yorkshire just outside the A1(M) corridor with good links to London, Newcastle and Leeds. As York's population has grown, its transport network has come under increasing strain. Sitting in my constituency is the A1237, which is known locally as York's northern outer ring road. Some might call it other names, but I probably could not divulge them in this setting.

The road is in desperate need of dualling. It was built by North Yorkshire County Council back in the 1980s, and the single carriageway is now greatly over capacity, causing serious consequences not just for York but for Yorkshire and the north. The number of vehicles using the road has increased substantially over the past decade, and there has been a 10% increase in journeys on the road since 2012. There is no longer a peak period, as severe congestion persists throughout the entire day. The current average journey time from Hopgrove roundabout to Askham Bryan is more than 30 minutes, meaning that the A1237, which is a national speed limit road, has an average speed of less than 20 mph.

As an infrastructure development that was designed to reduce journey times and make villages to the north of York safer, the A1237 is no longer fit for purpose. Many drivers now choose to divert their journeys away from the road via the city centre or through outlying villages such as Haxby, Skelton and Strensall, and then on to the A64. Back in 2013, our then Prime Minister came to York Outer to visit Portakabin's headquarters in Huntington, and experienced at first hand the "car park" on the A1237—those were his words, not mine.

Some might say that the congestion is just an inconvenience, but that would be to overlook the terrible impact that overloaded roads have on businesses and the wider economy. As journey and delivery times increase, so do costs, and there are knock-on effects when goods vehicles are persistently late. The impact of traffic on the A1237 on York is most evident at Clifton Moor business park, where many buildings are now sadly sitting vacant as businesses no longer see it as an attractive place to relocate to and shoppers are choosing to go elsewhere.

Simply put, the congestion on York's outer ring road is acting as a noose on the city. It is choking growth and disincentivising inward investment. Having said that, York is still a great place to do business, and it is in a

prime position to lead a regional economic surge at the heart of Yorkshire, but we cannot let poor infrastructure stand in the way of that great opportunity.

It must not be lost on anyone that the congestion issue on the A1237 has a wide-ranging regional impact beyond York. The road is a major east-west road for Yorkshire and serves journeys from the wider area, including the districts of Harrogate, Ryedale, Hambleton, Scarborough and East Yorkshire. There is also a significant amount of heavy goods traffic between Teesside and Teesport in the north and Hull and the wider Humber area to the south. Much of that traffic comes along the A19 and bypasses York via the A1237. If we are to rebalance our economy to make it work for everyone, it must also work for Yorkshire and the north, and infrastructure investment in projects such as upgrading the A1237 is key to achieving that goal.

I have painted a rather grim picture of the current situation, and things will only get worse without future investment. City of York Council is currently consulting residents on York's latest local plan, which allocates a considerable amount of land to housing developments to the north of the city and will only increase traffic pressure. York needs more housing, but it is vital that it has adequate transport infrastructure to accommodate those increases. The York Central teardrop site—one of Europe's largest city centre brownfield sites at 72 hectares—will put further strain on the northern section of the ring road. In addition, the British Sugar site, which is a mere stone's throw away from the A1237, will include more than 1,000 residential units. Failure to upgrade that key section of the road will burden our fantastic city centre with even more traffic congestion.

Back in the 2014 autumn statement, there was welcome news as the Government announced an investment of up to £250 million in upgrades to the A64 and the Hopgrove roundabout. The A64 loops around the southern side of York and is dualled, with grade separated junctions. The new investment will allow for works hopefully as far as Whitwell-on-the-Hill on the A64. That road is under the authority of Highways England, but surely we must take a wider and more strategic approach to infrastructure investment and examine where taxpayers' money can be best spent.

Some 44,000 vehicles use the dualled section of the A64 south of York on a daily basis, compared with 35,000 vehicles using the York northern ring road. The average speed on the A64 is just over 50 mph, dwarfing the less than 20 mph that is achieved on the A1237. Many drivers now use the A64 as a way to simply avoid the northern ring road and save time. Upgrading the northern ring road would undoubtedly reduce the amount of traffic on the A64 and therefore cut the distances that motorists are travelling and the unnecessary extra emissions produced.

On the topic of emissions, the City of York Council has a robust programme to reduce carbon emissions and stimulate economic growth by influencing travel behaviour. That includes promoting walking, cycling and the use of public transport in the city, incentivising hybrid electric taxis and a growing number of electric charging points for vehicles in the city centre. York has one of the best and most successful park and ride facilities in the country. The four park and ride routes include a number of electric buses and have significantly reduced the total number of vehicles travelling into the

[Julian Sturdy]

city centre. However, although sustainable transport initiatives must continue, there is a limit to their effectiveness when the core transport network is insufficient. Sadly, the A1237 is the weak link that is causing a host of problems elsewhere in the city.

As I am sure the Minister is aware, the City of York Council has submitted a bid to the local major transport fund announced by the previous Chancellor in the 2016 comprehensive spending review. That investment allows local authorities to bid for funding for projects that sit beyond the reach of the local growth funding pots. Upgrading the A1237 is a great example of a transformative infrastructure project that has been an aspiration for far too long. The bid to the local majors fund has been listed as the York, North Yorkshire and East Riding local enterprise partnership's No. 1 transport priority and has the full support of the Leeds City Region local enterprise partnership.

Funding is being sought to develop the business case for increasing capacity on the northern ring road. As I have outlined, the northern ring road is critical to York's future success. Along with Clifton Moor Business Association, York and North Yorkshire chamber of commerce, Make it York and Transport for the North, I have submitted a letter of support to the bid.

Developing the business case for upgrading the A1237 to a dualled carriageway would complement the roundabout upgrades that have already been delivered, as well as the further upgrades planned to be completed by 2021 through the West Yorkshire transport fund. The initial upgrade will help to resolve some of the pinch point issues at the roundabouts, but it is effectively a sticking plaster over a much more serious problem that will only get worse.

Delivering a scheme of such magnitude clearly comes with significant cost. Dualling the A1237 between Copmanthorpe and the Hopgrove roundabout will have an estimated £142 million capital cost. Naturally, that is the scheme's major hurdle, but the benefits of that work should not be underestimated. This is not just about making travel more convenient for local residents; it is about delivering the well-connected economy outlined as a key priority in the York, North Yorkshire and East Riding strategic economic plan.

Fast and reliable journey times between key centres are crucial to the region's economic development and its attractiveness to UK and international markets. Tourism is incredibly important to York's economy. The city hosted nearly 7 million visitors last year alone. In order to continue to attract visitors from across the UK and further afield to experience all that York has to offer, we must ensure that our transport network functions properly.

Of course, there are key transport infrastructure projects other than the dualling of the A1237 that are important to the city. Our north-south rail connection is strong, with journey times to King's Cross being as little as one hour and 50 minutes. However, it is not acceptable that travelling from York to Manchester, a journey of just 70 miles, takes an hour and 25 minutes at best. Electrifying the TransPennine Express route will be incredibly important, with reduced journey times and increased overall capacity playing an integral part in that upgrade, which I welcome. We all know that the north-south divide provides a major challenge that we have to overcome. To ensure

that we get economic growth right across the north, the Government must ensure that key infrastructure projects are delivered and that more budgets are devolved to regional decision makers. The arrival of High Speed 2 will make a difference to rail capacity, as well as reducing journey times. When the Government come to look more seriously at extending HS2 beyond Manchester and Leeds, as I fully expect they will and should do, as a local MP I will be shouting from the hilltops to ensure that York is not bypassed.

Finally, I ask the Minister for an update on the new stations fund. Haxby and Wigginton, with a population of more than 14,000 people, sits to the north of York in my constituency. The York to Scarborough line runs through Haxby, but its station has been disused for more than 80 years. The economic case for reopening the station is compelling, and a station would help to take cars off the York outer ring road, which is the primary subject of this debate. Is there still a fixed cost for local authorities to submit bids to the new stations fund, which is non-refundable if the bid is not successful? If so, does the Minister think the fixed cost might deter bids?

I hope that I have outlined to the Minister the real need for transport infrastructure upgrades in York and the north of England. I welcome him to his position. Will he look closely at the local majors bid made by City of York Council as a crucial step towards the dualling of the A1237? Dualling would allow the fantastic, historic city of York to thrive long into the future.

11.15 am

The Minister of State, Department for Transport (Mr John Hayes): Benjamin Disraeli said:

"The greatest good you can do for another is not just to share your riches, but to reveal to him his own."

During my brief speech I hope to reveal to my hon. Friend the Member for York Outer (Julian Sturdy) the riches that he has brought to this debate and, indeed, to all his work in advancing the interests of the people of York, particularly on the need for infrastructural investment to improve their wellbeing and their social and economic prospects. He is right that we need to think about such things strategically and, indeed, the Government's infrastructural investments are founded on exactly that principle. I commend and congratulate him on securing this debate, which gives me the chance to say a word or two about that.

My hon. Friend is right that York is a wonderful ornament to our country and its history and, more than that, is a vibrant living place that does much not only for its inhabitants but for its area. My wife did her master's degree at York University, and I have visited York many times. Indeed, I often holiday in East Yorkshire and North Yorkshire, particularly at Whitby, so I understand my hon. Friend's point about the wider impact of transport around York and its effect on East Yorkshire and other parts of that important county.

The Government agree with my hon. Friend's core assertion that work between local partners and national Government in delivering infrastructural investment—the kind that he recommended to us today—is critical. We are investing significantly in transport infrastructure, as he said, and we have brought forward major investment programmes for road, rail and local transport. To that

end, we created Transport for the North precisely for the reason he highlighted—the necessity of a strategic approach. The aim of Transport for the North is to provide plans that support economic growth in the north, and I will return to that in my closing remarks.

I will dedicate a good part of my short, pithy but, I hope, none the less impressive speech to my hon. Friend's particular concerns about the York outer ring road, which he described as a "noose" around the neck of the city. He is right that there are ongoing challenges in respect of that ring road. I support his desire for the roads around York to work effectively in order to minimise traffic disruption in the centre of the city, to ensure that people can get to where they need to go quickly and reliably, and to support the city's continued growth.

My hon. Friend made an important point about housing development. Bluntly, the Government need to do more to co-ordinate policy across a range of elements of growth. The important relationship between infrastructural investment and population growth must be part of our thinking, as he has powerfully described in respect of his constituency. I acknowledge his point that we need to think laterally and strategically in those terms.

My hon. Friend acknowledged that York Council has already made improvements to the route by improving a number of roundabouts. He will know that the council also has plans in train to access funding from the West Yorkshire Plus transport fund to improve the remaining seven junctions on that outer ring road. It is a good example of central and local government combining, as I described a moment ago. As he made clear, the West Yorkshire Plus transport fund programme, which is worth up to £783 million over 30 years, is being funded from the Government's local growth fund awards in July 2014.

City of York Council is currently developing the business case for its next plan of work and schemes, and will be taking it forward through the West Yorkshire approval process. Once funding is confirmed, York will start a programme of works to improve seven roundabouts in 2017, which the council expects to be completed in 2021-22. In addition, York Council has also made a bid to the Department's large local majors scheme for development funding to build the case for dualling the route. That is a separate and significant piece of work.

We set up the scheme for exceptionally large and potentially transformative projects that, because they are too big to be taken forward through the normal local growth fund allocations, would otherwise not be funded. We have allocated £475 million in local growth fund money to a competitive scheme that will enable local enterprise partnerships to implement the best of those large schemes. It is a two-stage approach, as my hon. Friend will know. Recognising that transformative schemes can take significant time and resources to develop, we are enabling sponsors to apply for development costs for their business case and then, later, to apply for full scheme costs.

The criteria for the development funding are clear; I hope that this will be helpful to my hon. Friend. We are considering schemes that will help deliver area growth objectives, which were at the heart of his speech, and clear value for money, and that can produce an outline business case quickly but with robust and plausible time scales. The schemes must be deliverable and have strategic

impact that can be delivered cost-effectively. My right hon. Friend the Secretary of State has already announced funding for four schemes in the fast-track round of the competition.

The Department is now considering bids under the main round, including the bid from York. The winners will be announced around the time of the autumn statement later this year. I must say to my hon. Friend that the process is very competitive; I am sure that he imagined so anyway, but it is important for me to put it on record. The Department has received a significant number of bids, and of course we want to back the strongest proposals. As I am sure he will appreciate, I cannot comment further on York's bid. None the less, he has highlighted the significance of the challenges associated with York and its infrastructure needs. In that respect, he has done a service to the House, his constituents and the city of which he is so proud.

We are investing record amounts in the strategic roads network. My hon. Friend will know that when I was in the Department for Transport previously, I took through the House the Infrastructure Act 2015, which gave life to the road investment strategy. We are committed as a Government to creating a better road network that works for drivers and the people who live in and around cities and communities such as York. In Yorkshire and the north-east, we are investing £1.4 billion in the strategic road network, delivering the biggest increase in capacity in the region since 1971. That includes an upgrade to the strategic roads serving York and North Yorkshire.

As my hon. Friend mentioned, the road investment strategy also announced a scheme to improve the A64 Hopgrove junction by upgrading the Hopgrove roundabout east of York. That scheme is set for delivery by the end of the second road investment strategy period of 2020 to 2025, and Highways England is currently conducting a feasibility study to identify options for upgrading the roundabout.

My hon. Friend referred to wider transport issues for the north. He will know that the Government remain committed to creating a northern powerhouse to rebalance our economy, which is why we created Transport for the North. We have given £200 million to resource that effort, providing both a long-term financial commitment and the leadership required to deliver that kind of vision. The north now has a single joined-up body to shape the investment that will transform transport across the north of England.

It would be remiss of me not to mention in the time available the significant investment that we are making in railways. The north of England rail infrastructure upgrade programme will transform rail travel in the region, delivering faster and more frequent rail services with benefits and better connections for many cities across the north by 2019. Our £1 billion investment programme includes a substantial electrification programme and other track, station and signalling improvements to improve capacity and the number of services, making journeys quicker and more reliable.

Between Manchester and York, for example, options are being developed to deliver an improvement in journey times of up to 15 minutes by the end of 2022. Passengers will benefit from additional infrastructure and other franchising investments. York travellers are already benefiting from the extra seats and services provided by

[Mr John Hayes]

the Virgin Trains east coast franchise awarded in 2014. I point out that I often travel on trains that originate in York, getting on the train at Peterborough and travelling to King's Cross, so I know that service well and how important it is for the many who travel from York to London. Further proposed investment in that line will add benefits to travellers like my hon. Friend and me.

I am pleased to say that the Government and our agencies are working with York Council to develop the potential of York station as a major gateway to York, Yorkshire and the north. Successful developments at stations such as Birmingham New Street, Manchester Victoria and London King's Cross have delivered transformational improvements to the communities that they serve. As I have responsibility across the Department for the built environment, I am determined to ensure that all station improvements are as good as the development at King's Cross. We must ensure that they are not only ergonomically satisfactory but aesthetically of the highest order. As he will know, York station was announced to be part of the station regeneration vanguard in April this year.

My hon. Friend said a word or two about Haxby station, so it would also be remiss of me not to mention it briefly. He will know that the new round of the new stations fund was launched on 26 August, making £20 million available to promoters. Haxby bid in an earlier round of the fund, and I understand that it is likely to bid again. As he will also know, the criteria have been altered. Although I cannot comment on the outcome, I am keen—although I am not the Rail Minister as a rule, I take the opportunity to say this now, because for the purposes of this debate, I am—to open new stations. We should be ambitious about reopening stations where there is a strong business case for doing so. My hon. Friend has done a service in highlighting the case of Haxby station in this short debate.

As I say, my hon. Friend has done a service to the House, and in doing so, has given me the opportunity to restate this Government's commitment to the kind of transformative investment and strategic approach that he has recommended to us. It is vital that this House and these debates inform Government thinking. It is not good enough for Ministers simply to parrot what was going to happen anyway; we must also think carefully about the arguments made by Members across this House and, where necessary, recalibrate and rethink policy approaches accordingly. That is precisely the approach that I have taken as Minister, and I shall continue to do so as a result of this useful contribution to our thinking.

I spoke earlier of Disraeli, and I will end with him too. He said:

“Man is not the creature of circumstances, circumstances are the creatures of men. We are free agents, and man is more powerful than matter.”

Let us gauge circumstances and create a better future with the power that men can bring to alter those circumstances where necessary.

Question put and agreed to.

11.29 am

Sitting suspended.

Claim of Right for Scotland

[MR PETER BONE *in the Chair*]

2.30 pm

Mr Peter Bone (in the Chair): Before I call Patrick Grady to move the motion, may I say that I have not yet had any written requests to speak in this debate? Mr Speaker has asked the Panel of Chairs to remind Members that it is the convention of the House that they should submit in writing to the Speaker's Office if they want to speak in a debate.

Patrick Grady (Glasgow North) (SNP): I beg to move,

That this House has considered the Claim of Right for Scotland.

It is a pleasure to serve under your chairmanship, Mr Bone. I know that you are a great champion of grassroots democracy, so I hope that a lot of what I have to say will strike a chord with you. This has not been the most straightforward debate to bring to Westminster Hall. Members who pay close attention to the Order Paper will have noticed that before the recess, it originally appeared in the name of my hon. Friend the Member for Glenrothes (Peter Grant). He has the same initials as me, but I clearly have considerably worse handwriting than him—bad enough for even the stellar cryptographers in the Table Office to be stumped.

After sorting that out, the Clerks and Library specialists wanted to know which Claim of Right for Scotland I wanted to debate: the ancient claim dating to 1689, which asserts the right of appeal against perceived judicial injustice; the more modern claim, signed in 1989 as the founding document of the Scottish Constitutional Convention; or the claim adopted by the Scottish Parliament in 2012, in the context of the independence referendum. The answer is not one of those, but all of them—or, more accurately, their central assertion, endorsed in 1989 and 2012, which acknowledges the sovereign right of the Scottish people to determine the form of government best suited to their needs and the obligation on elected representatives that in all our actions and deliberations, the interests of the people of Scotland shall be paramount.

My argument is that the Claim of Right is not, or is no longer, an historical document. It is a concept, and indeed a fundamental principle, that underpins the democracy and constitutional framework of Scotland. It is as relevant today as it has ever been. The economy on the brink of recession; the Government hopelessly divided on Europe; the Labour party in turmoil; a woman Prime Minister in Downing Street; and Scotland living under yet another Conservative Government it did not vote for, pushing through damaging social policies against the will of the vast majority of people and parliamentarians—yes, that was the situation in 1989, when parliamentarians, councillors and church and civil society leaders gathered on the Mound in Edinburgh to sign the claim of right and begin the work of the Scottish Constitutional Convention.

It is an historical fact that Scottish National party members were not present for the signing and did not take part in the convention. The SNP took part in early discussions, but withdrew when it became clear that the

convention would not countenance independence. We argued at the time, and might still argue today, that to rule out such an option was to deny a key principle of the claim: the right to choose the best form of government. However, the claim signed in 1989 represented something of a consensus in the country that the democratic deficit experienced throughout the Thatcher years was becoming intolerable, and the convention paved the way for the Parliament that now meets in Holyrood. Today, the First Minister is outlining her programme for government, implementing as best she can with the powers available to that Parliament our vision of a more progressive and socially just Scotland.

The excellent briefing produced by the House of Commons Library for this debate contains an appendix showing the 1989 claim and its list of signatories. Some of the names are familiar: Gordon Brown, Alistair Darling, John McFall, David Steel, Jim Wallace, Archy Kirkwood. Some of those individuals can still be found at Westminster, although they go by slightly different styles and titles and work in another place with little in the way of a democratic mandate.

Another signatory is a constituent of mine, Elspeth Attwooll, a former Liberal Democrat MEP whom I credit for inspiring this debate. Before the European referendum, we both took part in a hustings where she reflected on what it meant to her to have been a signatory to the Claim of Right. It made me think about how far Scotland has come over the nearly 30 years since the claim was signed, and indeed over the years since the referendum on devolution, the 19th anniversary of which we will mark this coming Sunday. We have come far, but we still have much further to go.

The Brexit result is only the most glaring and recent example. Despite all the powers that have been devolved to the Scottish Parliament, Westminster still holds the purse strings. After three Scotland Acts since 1997, 70% of taxes and 85% of welfare spending, two of the most crucial levers of social and economic policy, remain reserved to Westminster. The Scottish Parliament, 58 out of 59 of Scotland's MPs and local authorities across the country have all voted against the renewal of Trident, but it will still go ahead, less than 40 miles from our biggest population centre. The bedroom tax, welfare cuts, the undermining of energy and climate change policy, the threatened withdrawal from the European convention on human rights and even the removal of a tugboat from the west coast of Scotland are all directly against the will of the people of Scotland, as expressed democratically at the ballot box, yet all of them have been foisted on us by Westminster Governments.

It will undoubtedly be argued that the people of Scotland exercised their sovereignty on 18 September 2014. Some have argued that during those 15 hours when the polls were open, Scotland was truly an independent country: the future of our governance was in the hands of our people and nobody else. Disappointed though many of us were by the result of the referendum, we accept that Scotland voted to remain in the Union. However, voters were told repeatedly during the referendum that a no vote was not a vote for the status quo, and that choosing to stay in the Union would bring about a new relationship in which Scotland would lead the UK, not leave it. A vow was made to deliver something as near to

federalism as possible, and a guarantee was given that Scotland would remain a member of the European Union.

As we approach the second anniversary of the referendum, none of those promises have been kept. There might have been a new status quo on the morning of 19 September 2014, but there was also one on the morning of 24 June 2016, when the Union for which people in Scotland voted came to an end. That United Kingdom—a United Kingdom that would remain part of the European Union, guaranteeing people in Scotland freedom of movement for themselves and their goods, capital and services across a continent to which we have always looked and of which we have always seen ourselves as a part—no longer exists. The Secretary of State for Exiting the European Union said as much yesterday: Brexit means that the UK will leave the European Union. That is not what people in Scotland voted for, either in 2014 or in 2016. In choosing the form of government best suited to their needs, people in Scotland, on both occasions, chose a form of government that involved continuing membership of the European Union.

That is why the Scottish Government have pledged to work as constructively as possible to protect and defend Scotland's interests within the Brexit process. I hope that the UK Government will work constructively with the new Scottish Government Minister for UK Negotiations on Scotland's Place in Europe as they prepare for the article 50 process. The First Minister has appointed a standing council of expert advisers to help explore different options to maintain a relationship between Scotland and Europe that reflects the choice made by people in Scotland in the European referendum.

That is also why the Scottish Government and Scottish Parliament must ultimately reserve the right to hold another referendum on independence for Scotland. If it becomes clear that the best or only way for Scotland to remain in the EU is to become an independent member of the EU, we must have the right to make that decision for ourselves.

Ian Murray (Edinburgh South) (Lab): On the advantages of the EU, the hon. Gentleman will know that my party agrees with his—we voted in the Scottish Parliament to support the First Minister in taking every possible avenue to keep the advantages of the EU—but is he honestly telling the House that the solution is for Scotland to turn away from its much bigger trading partner, the UK?

Patrick Grady: I am saying that all the different options must be explored. The Scottish Government have committed on a cross-party basis to explore all those options as constructively as possible, but we must retain the right to revisit the question of our independent membership of the European Union if that becomes the best or only way to protect the benefits that we get from that membership. That is the crux of the Claim of Right: it is for the people of Scotland to choose the form of governance best suited to their needs. If our democratically elected Parliament decides on a cross-party basis—it will have to be on a cross-party basis, as we have a minority Government—to call for another independence referendum, will the UK Government seriously stand in the way?

[Patrick Grady]

The Edinburgh agreement may have been signed to pave the way for the 2014 referendum, but it is a de facto acknowledgment of both the general principle of the Claim of Right and the more specific question of whether Scotland has the right to become an independent country in a referendum. So when the former Prime Minister said in the Chamber that his county of Oxfordshire had voted to remain but that no one was calling for it to have an exemption from the UK-wide vote, he demonstrated a fundamental misunderstanding of the constitutional framework in Scotland. Indeed, it was the same kind of misunderstanding that led one of his predecessors to describe the Scots Parliament as a “parish council”. There has never been a claim of right for Oxfordshire, as far as I am aware, nor has there been an Edinburgh agreement recognising Oxfordshire’s right to become an independent country, but such principles are now firmly established in Scotland—indeed, they always have been.

Historically, the monarchs in Scotland were Kings and Queens of Scots. They ruled at the sufferance of the people, rather than ruling over the land or exercising a sovereignty vested in their own person or in the Crown in Parliament, as the tradition has it here in Westminster—although, as I said in this Chamber yesterday, I was interested to hear how many converts to the idea of participatory democracy there were on the Government Benches, and how keen some of them had become to cede some of their hallowed parliamentary sovereignty to popular opinion expressed in a referendum.

One reason why I bid for this debate was that I heard a number of colleagues both in the Government and in the official Opposition say informally that there would not be another independence referendum because the Prime Minister would not allow it. That reminds me of the famous words of the convenor of the Scottish Constitutional Convention, Canon Kenyon Wright, who said at the opening of the convention:

“What if that other voice we all know so well responds by saying, ‘We say no, and we are the state’? Well, we say yes—and we are the people.”

So I ask the Government—I note that the Minister here today is the Deputy Leader of the House, not a Minister from the Scotland Office, because of course it has no junior Ministers—whether they accept the principle of the Claim of Right for Scotland. The Conservatives, uniquely among political parties in Scotland, refused both to sign the declaration in 1989 and to back it in the 2012 Scottish Parliament vote. Given the promises made during the independence referendum, the respect agenda and the partnership of nations we are supposed to belong to, will they reconsider?

If the Minister cannot bring himself to commit to something so momentous today, will he at least recognise that the differential result in the Brexit referendum means that there must be a differential response from the Government? Will they consider seriously any proposals that come forward from Scotland, whether they are about participation in Erasmus, the Horizon 2020 programme or, more fundamentally, efforts to build a coalition that protects the UK’s membership of the European single market? Will the Minister and the Government consider how effectively the voices of Scotland’s MPs of all parties are heard in this House? Surely it is time for a review of the English votes for

English laws procedures, which are wasting parliamentary time and continue to undermine our supposedly equal status in this House.

There may be parallels with the prevailing political and economic situation in 1989, but this is 2016. Scotland’s voice is articulated not only by Members of Parliament here at Westminster, but in a modern, vibrant and diverse Parliament at Holyrood. Those of us who have been elected to the House of Commons come from a very different tradition from our predecessors. We have not come here to settle down, bide our time and hope for a seat in the House of Lords one day. When I leave this place, as I am well aware I will, it will be because I have decided not to put myself forward, because the voters have decided they want someone else, or because at last there will be no need for Scotland to send MPs to Westminster.

In the SNP, we make no secret of the fact that we think the form of government best suited to the needs of people in Scotland is an independent one. In the words of our party constitution, it is

“the restoration of Scottish national sovereignty by restoration of full powers to the Scottish Parliament, so that its authority is limited only by the sovereign power of the Scottish People to bind it with a written constitution and by such agreements as it may freely enter into with other nations or states or international organisations for the purpose of furthering international cooperation, world peace and the protection of the environment.”

But we also recognise that we have a job to do in persuading a majority of our fellow citizens of that case, which is why the second clause of our constitution is simply

“the furtherance of all Scottish interests.”

We make no special claim to the Claim of Right; it belongs, by definition, to everyone in Scotland, regardless of which political party they support or which constitutional option they prefer. But it encapsulates the right to decide and keep deciding the best form of government for their needs and for the time we live in.

When the Scottish Parliament debated and adopted the Claim of Right in 2012, it did not endorse the principle of independence, but it acknowledged the principle of deciding on independence, so the Claim of Right is not just an historical document or a scholarly debating point; it is a fundamental principle on which our democracy rests. If the UK Government are serious about maintaining the present Union as a partnership of equals, they need to understand that.

I hope that, 27 years since the declaration was signed, 19 years since the devolution referendum, 17 years since the Scottish Parliament was established, nine years since the first SNP Government were elected, two years since the independence referendum, 18 months since the UK general election, four months since the Scottish Parliament elections and three months since the European referendum, the Government might finally start to get the message.

2.45 pm

Michael Gove (Surrey Heath) (Con): It is a pleasure to serve under your chairmanship today, Mr Bone.

I congratulate the hon. Member for Glasgow North (Patrick Grady) on the lucid, passionate and effective way in which he laid out the case for independence, and on using the constitutional history behind the Claim of Right as a legitimising factor for independence. However,

as he was gracious enough to acknowledge, when the Claim of Right was re-established in 1989 by cross-party consensus, the Scottish National party stood aside from that consensus. That was because the SNP position towards our constitution has always been what Henry Ford's was towards the Model T. Henry Ford said, "You can have your car in any colour you like, as long as it's black," and the SNP says, "The Scottish people can decide on any constitutional future they like, provided they choose independence." So when at that time there was a consensus—I will admit that the Conservatives were outside it—in favour of devolution, the SNP said, "This assertion of popular sovereignty is wrong because it doesn't agree with me." In that sense, the SNP was a bit like the proud mother who notices her son marching out of step with everyone else in the regiment and says, "Everybody is out of step, apart from my Willie."

What the SNP has in consistency, which is admirable, it lacks in honesty about where the true centre of Scottish public opinion lies, and that is in favour of devolution. From 1989 to the present day, there has been support for a Scottish Parliament within the United Kingdom, and when the arithmetic in the constitutional convention did not suit the SNP in 1989, it stood aside, proud in its solitary conventicle. And now, even though it has a majority of representation for Scotland in this House, it regards the fact that a majority of people in Scotland voted against independence in the referendum as a mere temporary interruption and inconvenience.

Tommy Sheppard (Edinburgh East) (SNP): Will the right hon. Gentleman clarify exactly what is being suggested? Is it being said that, because a political party—in this case, the SNP—has a desired and preferential constitutional outcome, somehow its adherence to that negates any genuine commitment to allowing people to choose between a number of options? If that is the case, would it not also apply to the Conservative party or any other political party that has a preferential outcome? Surely the whole point of having a choice is that different parties can put different perspectives before the people and allow them to choose.

Michael Gove: I absolutely agree. It is to the credit of the hon. Gentleman and his colleagues that, as I said earlier, they put the case for independence with fluency, with authority, with passion, with commitment. I take nothing away from the power of the case that they make. But the Scottish people have rejected that case: in a referendum, the Scottish people clearly—by 55% to 45%—said no to independence.

But now the SNP is claiming in this debate that the long-held constitutional principle that the Scottish people are sovereign means that the Scottish people should be independent. But either the Scottish people decide their own constitutional fate, in which case we should respect the decision taken in that referendum, or they are perpetually wrong because they do not agree with the SNP. I also point out that since that referendum we have seen the SNP move from being a majority Government in Holyrood to a minority Government, and we have seen that support for Scotland's position within the Union has remained resolutely at the same level as in the referendum. We have also seen Ruth Davidson, the leader of the Scottish Conservatives, become the single most impressive and popular politician in Scotland.

The latest statistics and opinion polling reinforce what everyone knows, which is that she is the single most formidable politician in Scotland. Those are the facts and, as Robert Burns once pointed out, we all know that,

"facts are chieftains that winna ding".

Peter Grant (Glenrothes) (SNP): Does the right hon. Gentleman believe that that most formidable and respected politician in Scotland should categorically denounce the xenophobic comments made by one of her party spokespersons against Christian Allard, who has given massive service to the Scottish Parliament and to the Scottish people?

Michael Gove: I am unaware of that eventuality. All I would say is that xenophobia has no place in political discourse and that, throughout her leadership of the Scottish Conservatives, Ruth has been consistent in making it clear that Scotland should be a warm and welcoming home for people from every background and every community.

Ian Murray: The right hon. Gentleman is one of the architects of Brexit, which has brought about this debate and is the reason behind some of the other debates in this House about Scottish independence. Will he reflect on the fact that the very person he just spoke about promised the Scottish people that if they voted Scottish Conservative they would protect the Union? How is that going?

Michael Gove: The Union is in robust good health, as is shown by the support for the continuity of the United Kingdom, which is maintained at the same level as it was during the heat of the referendum campaign.

It is important to acknowledge something more. The hon. Member for Glasgow North pointed out that, in the run-up to the referendum campaign, my party, the Labour party and the Liberal Democrats issued a commitment to increase the level of devolution given to the Scottish Parliament—the vow, published on the front page of the *Daily Record*. The keeper of the vow—the independent figure who was responsible for ensuring that that promise was kept—was Lord Smith of Kelvin, and he stated unambiguously that the vow had been maintained.

More than that, powers that existed before the vow and the passage of the Scotland Act 2016, and powers that are now conferred on Holyrood, have not been used by the Scottish Government. Why is it that there has been such timorousness about the exercise of the powers that the Scottish Government already have? Why is it that the tax-varying powers that have been conferred on Nicola Sturgeon and the Executive have not been exercised? Why is it that a party that claims that the answer to all Scotland's problems is more power in Edinburgh has not even exercised the powers that it has? I can only conclude that the SNP wants a perpetual state of irritation and grievance with our current constitutional arrangements, rather than a determination to make them work. That is one reason why the SNP, having achieved unprecedented electoral popularity under Alex Salmond, is on a slow, gentle but irreversible slide in public opinion.

[Michael Gove]

There is more. It is not just that the powers that we, as a United Kingdom Parliament, conferred on Holyrood, and that the Scottish people voted for, have not been exercised; it is also the case that in those policy areas that have been devolved to Scotland since the establishment of the Scottish Parliament, the SNP-led Administration have signally failed to deliver for the Scottish people.

Let us look particularly at education. When I was growing up and a student in Scotland's schools, Scotland boasted, to good effect, that its education system was superior to that of England and any other part of the United Kingdom. The principle of the democratic intellect; the character of the lad o' pairts; the principle, established at the time of John Knox, that there should be a school for every child in every parish—all stand testament to the fact that the Scottish people have valued education, historically, more highly than anyone else within these islands.

However, if we look at the reality of Scottish education now, we can see that children from poor backgrounds in Scotland are less likely to go on to higher education than children from poor backgrounds in England. The gap between educational outcomes for rich and poor has grown under the SNP Government. As was pointed out by Brian Wilson, formerly a Member of this House and still a distinguished journalist, one has to look very hard to find a single effective redistributive measure that has been introduced by the SNP whereby power or resources have been taken from the rich to the poor in Scotland, or whereby the opportunities available to poor children in Scotland have increased. Once again, the question has to be asked: why is it that the SNP, having had a majority Government and now having a minority Government with the support of the Greens, has been able to do so little to improve educational outcomes for Scottish children? The answer to which I am again inevitably drawn is: because the SNP is more interested in manufacturing grievance than it is in governing Scotland well.

Another example is the aftermath of the vote for Britain to leave the European Union. I remind the House that yes, of course a majority in Scotland did not vote to leave the European Union, but a significant minority did, and they did so in the teeth of a political establishment united in opposition to that proposition. Many of the people who did vote to leave come from backgrounds that I know well, in farming and fisheries. They recognised that an independent United Kingdom, with Scotland exercising power through its own Parliament, would have new powers over fisheries and farming when Britain left the European Union. But so far we have seen no effort to deploy any imagination, energy or passion in pointing out the ways in which Scotland's agriculture and fisheries economic backbone can be strengthened by our departure from the European Union. As we saw with the start of the national conversation, there has been an attempt to use the vote to manufacture grievance rather than to ask the question, what is in the best interests of all the Scottish people?

Alan Brown (Kilmarnock and Loudoun) (SNP): Just to clarify, after the Secretary of State for Exiting the European Union yesterday outlined what Brexit would

mean by not outlining anything, is the right hon. Gentleman saying that Scotland is going to get full control of its fisheries policy?

Michael Gove: My point is that when we were making the case for Britain to leave the European Union, it was perfectly clear that fisheries and agricultural policy would come back. Had a Scottish Parliament existed prior to our entry into the European Union, those policies would have been administered by the Scottish Parliament. There is the potential for the Scottish Parliament, already supercharged by the vow, to become even stronger. But, instead of exploring those opportunities—rather than regarding the glass as half full or even looking optimistically at the situation and thinking, “Well, I may not have voted for it, but I am determined to make it work for the people of Scotland”—the vote is being used to fuel a narrative of grievance and separation.

My principal charge against the SNP is this: there is no shortage of talent on the SNP Benches in Westminster and there is no shortage of passion or brainpower in the Scottish Government. Some of the most impressive men and women in Scottish public life staff the Scottish Government. This is a golden opportunity for them to show what devolution can deliver, but that opportunity is not being taken because, as this debate shows, a focus on the constitution, the generation of grievance and the creation of division trumps the cause of good government.

There are so many ways in which the devolution settlement could help the Scottish people to flourish within the United Kingdom. It is only within the United Kingdom that Scotland can, in the short to medium term, be absolutely certain that its people will have all the opportunities they deserve. Over the past month, it was remarkable when we discovered the impact of a diminution in global oil prices on Scotland's economic position. It was remarkable the extent to which the commodity that had been relied on throughout the '70s, '80s and '90s to underwrite independence had moved from being a well-stuffed piggy bank into an arid emptiness. I speak as someone whose family live in Aberdeen and for whom that fall in the oil price is, of course, a source of sadness, because individuals have lost their jobs.

More important than that being a source of sadness for the people of Aberdeen, though, is the stark fact for the people of all of Scotland that, as the author of the Scottish Government's own White Paper on independence has admitted, the economic case for independence has been blown out of the water. I ask the SNP: now that oil is no longer the well-stuffed piggy bank that it used to be, what is being done to ensure that Scotland thrives economically? Yes, the First Minister has set up a growth commission, but what about the devastation that has been wrought on the further education sector? What about the lack of investment in skills in Scotland? What about the long-term decisions that could have put Scotland on a stronger economic course, but have not been taken? They have not been taken in order to manufacture grievance, create irritation and reinforce division.

Peter Grant: I am grateful to the right hon. Gentleman for giving way once again and I am fascinated by this assumption that a set of figures that demonstrate how

poorly the Scottish economy is performing under Conservative UK Government control is somehow an indication that Scotland cannot survive independently.

However, I go back to a comment the right hon. Gentleman made a minute ago about the impact of the fall in the price of oil, because any economic indicator that I have seen suggests that the economy of Norway is far more dependent on oil than the economy of Scotland ever has been or ever will be. Can he explain why the Norwegian economy has managed to ride out the storm? Are the Norwegians selling their oil to somebody paying a higher price? Have they got special gold-plated oil that is worth more than other oil? Or is it perhaps that they had the chance to put their oil aside when there was plenty of it because they had control of their own resources? How does he explain the continuing success of the Norwegian economy, which is more dependent on the falling oil price than we are?

Michael Gove: I am tempted to remind the hon. Gentleman that of course Norway is outside the European Union and has been since it voted to stay outside the European Union, and as a result it has been able to invest not just its oil wealth but its fishing wealth, and indeed to capitalise on its other advantages, to create a sovereign wealth fund and to take the decisions to enable it to be a country that many of us envy.

Of course, there are some nationalists who follow through on the logic of that. The former Member for Govan, Jim Sillars, has been consistent throughout in saying that sovereignty, if properly interpreted, would mean that Scotland would not only be outside the United Kingdom but outside the European Union. Although I do not agree with Mr Sillars on everything, one thing I have to say is that it is remarkable that Scots would want to give up the pound—they would have to do so if they left the United Kingdom—in order to embrace the euro, which they would have to do if they entered the European Union.

Of course, there is another alternative to that, which was outlined by the First Minister's economic adviser, Mr Joseph Stiglitz, the other day. It is that we should have a new independent Scottish currency—a Scottish pound. It will be interesting to see if that is SNP policy and if it is, all I can say is, "If you want to go into the next independence referendum saying, 'We're ditching sterling and it's a choice between the euro and our new Scottish pound', good luck with that!"

That is because Scots voters, who were given the chance to vote in the last referendum campaign, absolutely wanted to ensure that there were more powers for the Scottish Parliament but they also wanted—even more—to ensure that Scotland remained within the United Kingdom. It was a decisive vote, providing an unprecedented mandate for the United Kingdom. The timing of the vote, the nature of the vote and the extent of the franchise were all dictated or chosen by the Scottish Government. So the Scottish Government chose the pitch, chose the rules and chose the referee, but it was still victory for the United Kingdom.

Therefore, the question that arises and that was dodged in the admittedly eloquent and fluent opening speech by the hon. Member for Glasgow North is, "Given the powers that the Scottish Government currently have that they have not exercised, why haven't they been exercised?" The question for all SNP MPs here in

Westminster is, "Why haven't you chosen to make a success of the current arrangements in order to argue that that is the case for more devolution, more power and perhaps ultimately independence? Why instead have you allowed those powers to remain unused, in order to be able to point the finger at current arrangements and say that they are unsatisfactory?" That is the paradox at the heart of the SNP position. The SNP is afraid to exercise the powers that it has, because it is determined that the current situation should never be seen to work.

My argument is that that position is a betrayal of what the Scottish people voted for; it undermines the principle of the Claim of Right; it is an attempt to weaken the United Kingdom; if there ever was another referendum on Scotland's place in the United Kingdom, people would see through the SNP's manipulation of the politics of now for the politics of never-never; and on that basis the Scottish people would vote, as they always have done when they have been given the chance to do so, to remain in a strong, robust Union that works, which is the United Kingdom.

3.3 pm

Ian Murray (Edinburgh South) (Lab): Thank you very much, Mr Bone, for calling me to speak; it is a great pleasure to serve with you in the Chair.

It is also a great pleasure to follow the right hon. Member for Surrey Heath (Michael Gove), whose great passion for Brexit—I re-emphasise—has brought us to this particular position. We would not be having debates again about rerunning the independence referendum if the former Prime Minister had not gambled the UK farm and lost. Indeed, there was no apology in the 17 minutes of the right hon. Gentleman's oratory for the campaign bus or for getting us into this constitutional quagmire.

I emphasise that the leader of the Scottish Conservative party, who had no other policies whatever, made it her one policy at the Scottish elections back in May to say to the Scottish people, "Vote Conservative and we will protect the Union." Everything that has happened since then has risked the very United Kingdom that I and many people in this Chamber have voted for and worked very hard to protect.

I congratulate the hon. Member for Glasgow North (Patrick Grady) on securing this debate. There is one thing that I agree with the right hon. Member for Surrey Heath about: the fact that we never have debates in Westminster Hall on how to eradicate poverty in Scotland, on how to use the powers of the Scottish Parliament to make sure we can provide finances for public services, on how to close the attainment gap or on how to ensure that Scotland is outward-looking to the world. Instead, it is all grievance, it is all constitution, and it is all taking the debate and the agenda away from the issues that really matter in Scotland about public services and how the Scottish Parliament, by using its powers—or in this case, not using them—would be a good place to lie.

Patrick Grady: I point out again to both Members who have followed me, the right hon. Member for Surrey Heath (Michael Gove) and the hon. Member for Edinburgh South (Ian Murray), that the First Minister is at this moment addressing the Chamber of the Scottish

[Patrick Grady]

Parliament to announce, among other things, £750 million to help to close the educational attainment gap, a guarantee that the health budget of Scotland will increase by at least £500 million more than inflation every year, and a doubling of the amount of free care available to all three and four-year-olds, and the most disadvantaged two-year-olds, across Scotland. The idea that the Scottish Government are not using the powers of the Scottish Parliament and are not delivering for the people of Scotland is simply false.

Ian Murray: I am delighted to hear that, because after 10 years it is about time that the Scottish Parliament started to invest in closing the educational attainment gap and in public services. That intervention by the hon. Gentleman highlights the fact that the Scottish Parliament has powers to make a difference in people's lives, but in his speech to begin this debate he said that the Scottish Parliament has no powers whatever. Indeed, he even mentioned the tugboat that was taken away, as if the Scottish Parliament meets to discuss what it cannot do rather than trying to change the lives of people in the ways that it can.

Let us get back to this debate about the Claim of Right. It is worth just reading out the start of the declaration of the 1989 Claim of Right, which was indeed re-emphasised in the Scottish Parliament and voted on in 2012. It says:

"We, gathered as the Scottish Constitutional Convention, do hereby acknowledge the sovereign right of the Scottish people to determine the form of Government best suited to their needs, and do hereby declare and pledge that in all our actions and deliberations their interests shall be paramount."

We have heard much from the hon. Gentleman, who is the mover of the particular motion that we are debating today, about the importance of respecting Scottish sovereignty. Respecting the popular will is important, not only in Scotland but across the United Kingdom. Let us not forget that, as the right hon. Member for Surrey Heath mentioned, the Scottish National party, along with many Scottish Tories, did not participate in the constitutional convention; the SNP did not participate in that conversation with civic Scotland, politicians, groups, universities and business about what the future of devolution should look like. Moreover, the SNP did not accept the wording of the Claim of Right that that convention was founded upon. Indeed, it is only the Labour party and the Scottish Labour party that have been entirely consistent in upholding the words of the Claim of Right, because it pledged:

"To agree a scheme for an Assembly or Parliament for Scotland; To mobilise Scottish opinion and ensure the approval of the Scottish people for that scheme"

It went on to say that it also pledged:

"To assert the right of the Scottish people to secure implementation of that scheme."

When the Labour party was elected to Government in 1997, one of its first Bills delivered the referendum on devolution, mobilised popular support for its approval, asserted the sovereign right of the Scottish people, delivered on the result of the referendum and created the Scottish Parliament that we have today. There was no mention of all that from the hon. Member for Glasgow North; there was no mention of how we said to the Scottish people that we would deliver something,

got into power and then delivered it, on the basis of what the Scottish people were telling us they wanted to happen.

To be fair, when the SNP was elected in 2011 on a manifesto that pledged an independence referendum, we respected the mandate for that referendum, too, because the Scottish people had voted for it. Consequently, in 2014 we had that referendum and that time the Scottish people voted to stay in the UK. So, taking the word of the Claim of Right as our guide, if we can, we acknowledged

"the sovereign right of the Scottish people to determine the form of Government best suited to their needs".

The Scottish people voted for a powerful Scottish Parliament, but with Scotland being an integral part of the United Kingdom. The Claim of Right was put into practice: it was voted on in 2012 in the Scottish Parliament; the referendum happened in 2014; the Scottish people spoke; and

"the sovereign right of the Scottish people"

is to stay within the United Kingdom, but with a much more powerful Scottish Parliament. That was the spirit and the substance of the Claim of Right that we are discussing today.

I want to go back to the intervention from the hon. Member for Glasgow North. The Scottish Parliament is one of the most powerful devolved Parliaments in the world. It is about time that the politicians elected by the people looked back at that Claim of Right and said, "We were elected to deliver for the Scottish people with a powerful Scottish Parliament" and got on with the day job that they were elected to do. But every single day since the polls closed on 19 September 2014, the SNP has looked for any single trigger to get a different result in the referendum. That is surely the complete antithesis of the Claim of Right.

Deidre Brock (Edinburgh North and Leith) (SNP): Does the hon. Gentleman acknowledge that during the independence referendum campaign, it was made very clear that one of the major benefits of being in the UK was remaining part of the EU? That is now simply not the case.

Ian Murray: The evidence shows that people did not vote on that particular basis. What the SNP is now telling us is that because the UK has turned away from a market worth £12 billion and 250,000 jobs to the Scottish economy—I was on the same side as the hon. Lady in wanting to stay in the European Union—the solution is for Scotland to turn away from another Union that has 1 million jobs and £50 billion worth of trading. That is surely not in the best interests of the Scottish people.

We have supported the SNP and the First Minister to make sure that the UK and Scotland can get the best deal from Brexit, but if the solution to Brexit is to turn away from an even bigger partner, to mount on top of one disaster—this constitutional decision at UK level—another disastrous constitutional solution, we are surely in the wrong place. That goes to the hub of the argument.

Deidre Brock: Is the hon. Gentleman suggesting that in the case of Scotland's becoming independent, England would be so petty-minded as to turn away from its nearest neighbour and not continue to trade in any meaningful way?

Ian Murray: We are back to rerunning the 2014 independence referendum. The key thing is—the hon. Lady and her party admit this—that the best solution in terms of currency is for Scotland and the UK to stay in the currency union. That was the SNP argument in 2014, so it has conceded that argument, unless it wants to go down the route of the hon. Member for East Lothian (George Kerevan) and go for a separate currency, which he says would involve many years of fiscal consolidation and require the selling of assets. Is the SNP talking about the euro? No, so it has already conceded that a currency union with the rest of the UK is the most important thing.

Let us consider the figures from the recent GERS report, with the £15 billion fiscal deficit, and how SNP Members fought for the fiscal framework to make sure the Barnett formula was maintained: that is an admission that the economic and fiscal framework is in Scotland's best interest. Let us take as a starting point that it is in Scotland's best interest to stay in the UK with a fiscal and economic union and a currency union. Is the SNP honestly saying that it will turn away from all that to be a part of the European Union when it does not know what the access requirements will be? The party does not know whether Scotland would get in. We had all these arguments in 2014. Indeed, it could be argued that entering the EU today would be much more difficult than in 2014, because there will be no grandfather rights when we leave as the UK. All of these issues have muddied the waters much more.

On the Claim of Right of the Scottish people in terms of this debate, they have voted clearly for Scotland to stay within the United Kingdom, but they also see the benefits and advantages of staying in the EU. It cannot be right to have two polarised camps in Scotland. We have the Scottish National party camp that says, "Independence at all costs" and a Scottish Conservative party that says it wants Scotland to be in the UK, but not in the EU, given the result of the EU referendum.

Both those polarised camps are completely wrong, because what Scotland wants, and what the UK and what I am sure the Prime Minister want, is for Scotland to stay within the United Kingdom, but for the United Kingdom to maintain the benefits of and its relationship with the European Union. That is what people voted for. That is what the Claim of Right would tell us they voted for.

The Claim of Right does not address the myriad problems in Scotland: the underfunded NHS, the growing attainment gap, the shambles that is Police Scotland and undervalued and overworked public servants. It does not deal with any of those issues. We know that the best way to deal with the eradication of poverty and the reduction in inequality—all the things we want to see in a much more socially just Scotland—is to maintain the fiscal, economic and currency union with the UK, but to ensure that Scotland's position and advantages in the EU are maintained.

The right hon. Member for Surrey Heath is absolutely right. There is no discussion about agriculture, fisheries, regional policy or the environment. Those are all issues that should go straight back to the Scottish Parliament, which has responsibility, working in close partnership with the rest of the UK. But a fiscal transfer would have to happen. It is the same fiscal transfer that the right hon. Member for Surrey Heath had on the side of the

bus. His fiscal transfer wants £350 million a week for the NHS. I want £750 million a year more for Scotland, along with these powers, so they can deal with the issues that would be repatriated to Scotland. Those are the big issues with regard to the Claim of Right.

If it is the case that every political party in Scotland now abides by the words, principles and substance of the Claim of Right, then the Scottish people have spoken. They have said they want to stay because they know it is in their economic, financial, political and cultural interests to be part of the UK, but they want to maintain the advantages of being in the EU. That is a challenge for the UK Government, the Scottish Government and the entire political, social, cultural and civil class in Scotland: to try to make sure we get the best possible deal for the people whom we seek to represent.

I am grateful that the hon. Member for Glasgow North secured this debate. I hope that, when he stands up in the Westminster Parliament, the SNP conference or in front of his constituency party in Glasgow North and talks about the Claim of Right, he will admit that Scotland voted to stay part of the United Kingdom and moves on to the great opportunities of using the powers of one of the most powerful devolved Parliaments in the world. My two amendments to the Scotland Bill that transfer welfare powers to Scotland were accepted by the Government, but nobody is talking about that, because the obsession with the constitution is destabilising Scotland and making the uncertainty around Scottish business and Scottish civic society polarised in terms of what the Scottish people want.

Let us get rid of all the constitutional arguments. Let us repaint buses and take all the lies off the sides of buses. Let us concentrate on what people want: the eradication of poverty; a reduction in inequality; making sure public services are properly financed; opportunities for our young people; making sure the next generation does better than the current one; and making sure we have adequate housing. Those are all the responsibilities of the Scottish Parliament. That is why we need to protect the fiscal, economic and cultural union with the UK and why we need to leave no stone unturned in making sure that Scotland's position in the EU and the advantages that Scotland gets from the EU are protected. That is what the Scottish people have asked for. It would be a dereliction of duty if we did not try to deliver it.

Several hon. Members rose—

Mr Peter Bone (in the Chair): Order. I think two Back Benchers are trying to catch my eye and I ought to start the wind-ups at half past. Will Members bear that in mind?

3.17 pm

Alberto Costa (South Leicestershire) (Con): It is a pleasure to serve under your chairmanship, Mr Bone. I should advise you that I did write to the Speaker's Office and spoke to someone there today about giving a short speech. I promise to be brief, because we have already heard an eloquent speech from my right hon. Friend the Member for Surrey Heath (Michael Gove) encapsulating all the points that I wished to make.

[*Alberto Costa*]

I am grateful to the hon. Member for Glasgow North (Patrick Grady) for securing the debate here today at Westminster. The debate is not so much about a Claim of Right of the people of Scotland; it is more a claim by the SNP to have a right to determine the will of the Scottish people. There is nothing new in that position. I have heard it for almost 30 years. As has already been mentioned, we had a thorough, full debate during the Scottish referendum in the two years leading up to the September 2014 referendum.

All the issues were extensively discussed round the family kitchen tables, in schools, in businesses and at the highest political arena. Even during those debates the SNP repeatedly said through their senior politicians that the exercise of the sovereign will of the Scottish people would be a once in a lifetime, once in a generation matter. Implicit in that statement is that once in a lifetime, once in a generation must be about 40 or 50 years.

During that time, sovereign countries can enter and exit from international groupings, as, indeed, the United Kingdom is about to do by exiting from the international grouping of nations in the EU. At no point in the lead-up to the referendum did the SNP suggest that the exercise of the sovereign will of the Scottish people would be called into question, and that the SNP would have to assist the Scottish people once again—to help them think again and come to the answer that the SNP wants by having yet another referendum.

The SNP, rather shamelessly, has been doing nothing but grievance and gripe in the past two years, in this Chamber and in the House, and across the United Kingdom. All of us on the side of the United Kingdom are clear about why it is doing that; it is because it has one overriding objective, which is not to help the people of Scotland by furthering public services, reducing educational inequality and ensuring the quality of the Police Service of Scotland. Its objective is about none of those things: it is about ending the United Kingdom of Great Britain.

Thus the Scottish nationalists will never agree to any ambitious proposal for the United Kingdom, particularly with the challenges and opportunities that we now face with Brexit. They have no interest in agreeing on a path that will benefit the sovereign will of the Scottish people. The only path they want to adopt in the months and years to come is that of gripe and grievance. Today's debate is an example of that.

Patrick Grady: I am hearing a lot of grievance, and I do not think it is coming from the SNP speakers. The hon. Gentleman has used that phrase several times. Do he and his colleague the right hon. Member for Surrey Heath accept in principle the sovereign right of the people of Scotland to determine their form of government? The Conservatives, uniquely in Scotland, have never endorsed that language, which is contained in the Claim of Right.

Alberto Costa: I am merely reiterating the claim made by the hon. Gentleman and saying that if he accepts the key principle of that claim, which is that sovereignty lies with the Scottish people, surely he agrees that two years ago that sovereignty was exercised when they said they wanted to remain part of the United Kingdom.

By the way, the Claim of Right does not define Scottish people. My right hon. Friend the Member for Surrey Heath confirmed this afternoon that the SNP determined the rules for the 2014 referendum, which excluded thousands of Scots men and women—Scottish people like me—from determining the future of Scotland. I and many hundreds of people in my position had to accept those rules. The view proffered by the Scottish National party that it somehow represents the sovereign will of the Scottish people is entirely dishonest because of its refusal time and again to accept that sovereign will, which is to stay part of the United Kingdom.

We have heard about powers. The Scottish Parliament has had unique powers since its creation in the late 1990s. We have seen little exercise by the SNP majority Government—and now minority Government—of those real and tangible powers for the benefit of the Scottish people because they simply do not want to improve matters. My right hon. Friend the Member for Surrey Heath used the word “paradox”; I would say that it is clear that the exercise of powers that would benefit the people of Scotland might lead to their telling the SNP, “Everything is working fine under the United Kingdom.” That would go against the SNP argument, so the paradox might go both ways.

The truth is that the SNP exists for one reason alone—to end Great Britain. There is nothing that hon. Members on both sides of the House who believe in the United Kingdom can do that will satisfy that constitutional thirst for the destruction of our great and sovereign United Kingdom.

Today's debate is yet more smoke and mirrors—another excuse to get a headline in the Scottish media, saying that SNP politicians are somehow the only ones who have the people of Scotland in mind. That is wrong. All of us who love the United Kingdom have the intentions and wishes of the Scottish, Northern Irish, Welsh and English people at heart, to work together for the betterment of all our peoples throughout the United Kingdom. If there is any Claim of Right to be had, it is the Claim of Right to live a peaceful, tolerant, successful, stable life in a stable and successful country—the United Kingdom.

3.26 pm

Deidre Brock (Edinburgh North and Leith) (SNP): It is a pleasure to serve under your chairmanship, Mr Bone.

I wanted to start with a sentence about respect, but I am sad to say that I have heard precious little respect today, from the Members who have spoken, towards Scotland or its elected representatives. I am very sorry about that. There has been a lot of mention of the independence referendum, and I have wondered about the promises made by the people who galloped up over the border in the closing weeks before the referendum. There has been a lot of talk about grievance and gripe, but I wonder what Members make of the many people in Scotland—not simply the SNP, although that makes up a considerable part of the population—who are annoyed and upset about the promises made to them in the run-up to the independence referendum. They included the protection of jobs at Her Majesty's Revenue and Customs; staying in the EU, as I mentioned earlier; the protection of shipbuilding jobs; and a vow that falls far short of what is commonly meant by home rule. Those

promises were sold to the people of Scotland, and I urge Members to bear that in mind when they are addressing SNP Members.

Michael Gove: Will the hon. Lady enlighten us as to the view of Lord Smith of Kelvin, the keeper of the vow, about the decision of the Westminster Parliament to honour it? Did he agree that it had been honoured?

Deidre Brock: There were certainly members of the commission who were unhappy. None of the SNP amendments to the Scotland Bill were accepted for consideration until it went through to the unelected House of Lords, which is laughable.

To get back to the issue of respect, politicians, monarchs and bureaucrats need to understand and accept that powers lie with the people we serve, not with us. It is about knowing that the colossus that bestrides the world stage is people power and that those who lead are servants of the people, not masters. That is what the Claim of Right is. It is a declaration that the people are sovereign, as has been mentioned, and that it is in their gift to decide how that sovereignty should be used. Governments and Parliaments rule only with the consent of the people, and they exist only because the people allow them to. That is a reality that politicians forget at their peril.

It is important to note a clear difference between the attitudes struck towards Parliament in Scotland and in England. I understand that that point of difference is also noted in the legal concept of sovereignty in each nation. In England there is a belief in, tradition of, and historical precedent for the absolute sovereignty of Parliament, but there is no such belief in Scotland. The Scots' attitude, and our constitutional law—which perhaps my learned friends will confirm—is that sovereignty rests with the people. That principle is embedded in the 1320 declaration of Arbroath, in which the King and future kings were warned that if they displeased the people, the people would elect another king—more like a president than a king, I suppose. That principle is embedded in the Claim of Right.

It is not quite right to say that no Conservative has ever acknowledged that principle, because it was acknowledged by the current Chair of the Select Committee on Public Administration and Constitutional Affairs, the hon. Member for Harwich and North Essex (Mr Jenkin), when he said in a debate in the House on 22 May 1997:

“The ultimate sovereignty of the Scottish and Welsh peoples is a fact. Whatever the niceties of international law, Scotland and Wales can claim the right of self-determination if that is what they want”.—[*Official Report*, 22 May 1997; Vol. 294, c. 872.]

It took a bit of time from the publication of the Claim of Right to the interim solution—the creation of a devolved Administration—but 10 years is nothing in the great scheme of things, and in the march of nations it is but a blink of an eye. I have to say, though, that the Conservatives have a lot to thank the Claim of Right and Scottish devolution for—they saved their party. In fact, the current Scottish Secretary owes his political career to the Scottish Parliament. There had been few opportunities for Tory politicians in Scotland, even those who had previously been Social Democratic party councillors. The proportional representational element of the Scottish electoral system revived a party that was

frankly dying, and which had ironically opposed its creation in the first place. Democracy, properly energised, gives some strange, interesting and unexpected results.

The Claim of Right was democracy in action. It emerged from civic Scotland, the Churches, the trade unions, small business and organisations the length and breadth of the country as a demand to address the democratic deficit that arose from being governed by a Government who could not command support in Scotland. It is interesting to note that John Major's Government had 14% of the Members representing Scottish seats while the current Government have a bit less than 2%, so there is work still to be done in removing that democratic deficit from Scotland and rendering those of us who are Scots MPs redundant.

Mr Peter Bone (in the Chair): Order. I do not want to rush the hon. Lady, because she has been waiting patiently and was kind enough to write in to request to speak, so we can extend her speech to 3.34 pm and bring the Front-Bench speeches down to eight minutes each.

Deidre Brock: You are very kind, Mr Bone.

Independence, in our view, is the logical end point for the journey that the Scottish Constitutional Convention set out on, and it is interesting that the original convention refused to countenance that possibility—there has been some mention of that. I am told that that is why the Scottish National party stepped away from the convention. It was some years before my time in the party, but I am told that the prospect of devolution caused great debate about whether it was good for Scotland, and that the refusal even to discuss independence in the convention was the final straw. My much older and more grizzled colleagues will be able to correct the record if I have misspoken in that respect—they have long and detailed memories.

The Claim of Right, resting on the principle that the people are sovereign and imbued with a notion of changing the form of government to address a democratic deficit, has an increased resonance now. In June, the UK voted to leave the EU. Scotland did not. Some 52% of UK voters voted leave, and 62% of Scottish voters voted remain—untimely ripped from the European Union were we. The democratic deficit remains stark, real and unrelenting. The conditions that necessitated the Claim of Right and the creation of the devolved Administration and Parliament in Edinburgh remain.

There is but one answer that will address that deficit and Scotland's needs; one simple, elegant solution—the dissolution of the UK, Scottish independence and the creation of good neighbours as separate nations. No one has the right to fix the boundary to the march of a nation. No one can tell a country, “This far and no further”. The ultimate sovereignty of the Scottish and Welsh peoples is a fact. Scotland's march goes on, and independence beckons.

Mr Peter Bone (in the Chair): I remind the Front-Bench speakers that they will now have a maximum of eight minutes each, and I remind the Minister that under the new procedure he should allow at least two minutes for the proposer of the motion to sum up. I call Patrick Grady—I am sorry, Peter Grant.

3.33 pm

Peter Grant (Glenrothes) (SNP): Thank you, Mr Bone. I think that means we are quits for the time my hon. Friend the Member for Glasgow North (Patrick Grady) became me on the list when the debate was originally tabled.

I have perhaps misunderstood something from the reading I have done to refresh my mind about the various Claims of Right for Scotland and from listening to someone who presumably knows about the matter, because he led the debate. I thought that the Claim of Right for Scotland was about the people, but all we have heard from the Better Together Benches has been about political parties, Governments and political leaders. There has been precious little about the people. I still do not know whether either of the Conservative Members who spoke agree with the sacrosanct fact that sovereignty in Scotland resides with the people and that the people have the right to decide.

Alberto Costa: Will the hon. Gentleman give way?

Peter Grant: If the hon. Gentleman is going to confirm that he agrees 100% with the right of the Scottish people to decide for themselves, I will happily give way.

Alberto Costa: I agree 100% that the sovereignty of the Scottish people was exercised when 55% of them said “No thanks” to the SNP and yes to the United Kingdom in a once-in-a-generation referendum. Let us leave it at that. Let us leave it for 50 years.

Peter Grant: Well, there we have it. Given an explicit opportunity, one of the few Conservatives who could be bothered to turn up to the debate has refused point blank to accept what has been established in our nation since 1320—that sovereignty resides with the people. I cannot help wondering how much less of a constitutional boorach England would be in right now if it had a fundamental acceptance of the sovereignty of the people.

We spent three hours in this room yesterday talking about a misguided, I think, but understandable demand from more than 4 million people to have some kind of rerun of the European Union referendum and set a threshold, because they were so bitterly disappointed with the result. A lot of the argument was constitutional nicety about whether Parliament has the right to ignore that result and hold referendums until it gets the right result, or just to say, “We’re staying in the European Union anyway.” Fundamentally, the answer is that no one really knows, because England does not have the benefit of a clear statement about where constitutional sovereignty ultimately lies. If sovereignty lies with Parliament, the European Union referendum was advisory only. Wisely, very few people have had the temerity to suggest that, either before the vote or since.

I want to go back to some of the documents that constitute the Claim of Right for Scotland. The Better Together parties, through their determination to carry on with the #snpbad hashtag, have turned the issue into an attack on the SNP despite the fact that the 1689 Act was a wee bit before the SNP had even been thought of. They have missed a chance to celebrate a collection of documents that show the way forward for democracies even to this day.

Ian Murray: The hon. Gentleman keeps referring to the Better Together parties celebrating those documents, but his party did not agree or sign up to them, so we need to get on to the substance of the SNP’s position on the Claim of Right. I have made my position clear, which is that the Scottish people have voted to stay part of the United Kingdom—that is the substance and the spirit of the Claim of Right.

Peter Grant: As I have just said, one of the documents I am talking about is the Claim of Right Act 1689. Guilty: the SNP did not sign up to that. We did not vote for it. We did not exist—neither did the Labour party for that matter.

In the preamble to the 1689 Act—I apologise, the language is kind of 1689, but I will not try to say it in an Edinburgh accent—the Scottish Parliament denounced its sovereign king, who did:

“Invade the fundamentall Constitution of this Kingdome And altered it from a legall limited monarchy to ane Arbitrary Despotick power and in a publick proclamation asserted ane absolute power”.

As long ago as 1689, the Scottish Parliament, which at that time was not the most democratic or egalitarian bunch of people, regarded that statement as a long-established fact—that the king had to be answerable to the Parliament and thereby to the people, and that the concept of an absolute monarchy was utterly alien.

The concept goes back even further, to 1320, to a document some parts of which many people will be familiar with to the detriment of others: the declaration of Arbroath. It is usually recognised as a declaration of Scottish independence, but it is also a declaration of the sovereignty of the people. In describing how Robert the Bruce came to be King of Scots—not King of Scotland—the Scots nobles at that time credited his accession to the throne to

“divine providence, his succession to his right according to our laws and customs...and the due consent and assent of us all”.

Even in 1320, someone who had contributed so greatly to the wellbeing of the nation as Robert the Bruce had no right to call himself King of Scots unless the Scots were prepared to accept him.

A lot of the 1689 Act’s anti-Catholic rhetoric would not go down too well today, just as the anti-Semitism of parts of Magna Carta is perhaps better left in the 13th century. Long before there was talk of any of the political parties in existence just now, and long before the grievance politics we are seeing just now, the documents I am talking about established a principle that can be held up as a beacon, as it has been for centuries in Scotland. It can be held up as an example of how to sort out the mess that the Government have got England, and to an extent Wales, into. It is being held up as a beacon elsewhere, because the declaration of 1320 became the framework on which the American declaration of independence and constitution were founded. I noticed that the hon. Member for Edinburgh South (Ian Murray) suggested that an independent Scotland would have no trade ties with England. I have not checked the recent figures for trade between Britain and its former colony across the Atlantic, but I do not think anyone would argue that there has been no trade between Britain and the United States of America since independence.

Talking about the Claim of Right for Scotland does not mean that we are arguing about whether Scotland should be independent, or about who should form the

Government of Scotland and what promises they should be implementing. We are arguing about something much more important than that, and I am frankly appalled that there is any disagreement with it. We are talking about the fact that in the nation of Scotland, the people of Scotland are sovereign. There is no doubt in the hearts and minds of the people of Scotland as to who we mean by that. We mean those who have chosen to come and live among us. That is why I am enormously proud that my Polish constituents, my French constituents, my Slovakian constituents, my English constituents and my Scots-born constituents are regarded as democratically equal in every election and every electoral test that the Scottish Parliament has the right to legislate over. It was shocking that so many of them were not allowed to decide whether we would be taken out of the European Union.

While we are talking about the Claim of Right for Scotland, just for an hour or two could we not have forgotten about this ingrained hatred of the SNP and everything we stand for? People can disagree with what we want—that is a democratic right—but they should not use that as an excuse to usurp the absolute right of the people of Scotland to take decisions for ourselves. Incidentally, yesterday we were challenged by one of the Tories in the European debate to have faith in our country. We have faith in our country. As Hugh MacDiarmid said:

“For we have faith in Scotland’s hidden powers
The present’s theirs, but all the past and future’s ours”.

3.42 pm

Mr David Anderson (Blaydon) (Lab): It is a privilege to be here before you today, Mr Bone. I congratulate the hon. Member for Glasgow North (Patrick Grady) on securing this debate.

I am proud that the Labour party is the party of devolution. The Labour party pushed for devolution while in opposition and supported the constitutional convention in every way. We made sure it worked and saw it embraced by the Scottish people. We have consistently supported more powers for Scotland, even when we have not been in a position to implement those additional powers in the devolved Administration. We were supportive of the in/out referendum in 2014 and we were the ones who drove the vow that the right hon. Member for Surrey Heath (Michael Gove) spoke about. The people of Scotland overwhelmingly supported that vow less than two years ago. That led to the Smith commission, which has delivered to Scotland the most complete and powerful devolved Administration on Earth.

On a personal note, I have been an ardent supporter of devolution for many years. I was the chair of the policy committee of Unison in the late 1990s. During that time, we committed funds, practical and political support and physical resources to London, Wales and Northern Ireland and in particular to Scotland, where we were an integral part of the civil society voice that drove forward the constitutional convention. Things have changed in recent days. We know that the British public’s decision to vote for Brexit, whether we agree or disagree with that outcome, has left the United Kingdom fractured. That is the nature of politics. We make decisions—in this case the electorate made the decision for us—knowing that there will be others who disagree

with the outcome. While we are in such a fragile economic state, we have a duty to the people to ensure that we do not exacerbate the situation.

Everyone in the Chamber knows the end goal for the Scottish National party. The clue is in the name; it is written on the tin. The question we must ask ourselves, though, is whether now is the time to be pushing that agenda. I take on board what the hon. Member for Edinburgh North and Leith (Deidre Brock) said. I respect the Scottish people. Let me set the record straight: unlike some, I would never say that the Scottish people are unable to choose a Government who represent their best interests. Nor would I say that were Scotland to remove itself from the UK, the country would become destitute and cease to be. What I would say, however, is that there have been two referendums in two years. That is a matter of fact. There was one for the people of Scotland and one for the people of the United Kingdom as a whole. In both, the people of Scotland voted to remain as members of those Unions. Is it therefore right to remove them from those Unions against their democratic will?

In the EU referendum in June, 62% of the Scottish electorate exercised their right to vote. In the independence referendum in September 2014, 85% of the same electorate exercised that very same right. The Labour party is the party that is willing to explore the possibility of fulfilling the wishes of the Scottish people as expressed in both referendums to see whether we can give them what they have asked for.

The SNP claims there has been a real shift in public opinion since the independence question and the EU referendum. That is not borne out by what has come over very clearly in public opinion polls. The latest YouGov survey had 54% of those polled expressing their desire to remain within the UK, despite the EU referendum result. Only 37% said they would back another referendum. Are we really saying that that shift warrants a second referendum? Time and again, I have sat and listened to SNP Members expressing their discontent at the people of Scotland repeatedly being ignored by a Government not of their choice. This may come as a surprise to the SNP, but that problem is not experienced solely in Scotland. My constituents in Blaydon elected me as their MP. Only 16% of my constituents voted for the Tories, meaning that a party voted for by only 16% of my constituents is now governing them. As much as it may not be particularly palatable, that is democracy, no matter how much we might not like it.

What is contrary to the principles of democracy, however, is attempting to defy the wishes of the electorate by attempting to use their vote in one referendum to supersede the other. The purpose of devolution was to allow the devolved Administrations to govern themselves and deal with issues that are particularly prevalent in their areas. We are increasingly facing scenarios where those powers go unused, as my hon. Friend the Member for Edinburgh South (Ian Murray) so eloquently said. I am referring to the refusal by the SNP Government at Holyrood to use their newly devolved additional income tax-raising powers to alleviate the cuts imposed on them by the Tory Government. The plans proposed by Scottish Labour to raise income tax by 1% would have generated an estimated £600 million a year for the

[Mr David Anderson]

Scottish Government. That would be enough to alleviate the cuts affecting the poor and most vulnerable in our society and to support vital public services.

To use one example, NHS Scotland is facing enormous cuts. In Glasgow alone, it is estimated that there will be cuts of £258 million by 2021. The refusal to raise income tax strikes me as odd. After all, we are dealing with a self-proclaimed left-wing party—a party that surely would wish to do its utmost to alleviate the cuts to the poorest in society and to protect their public services. If we had those powers in Blaydon, I would ensure that we used them to protect the poor, the vulnerable, the sick and the disabled so that they would not suffer any more than they already have at the hands of the Tory Government.

Peter Grant rose—

Mr Anderson: I will give way, but please be quick.

Peter Grant: If increasing income tax is such a fantastic idea, how does the hon. Gentleman explain the fact that on the back of that promise, his party had the worst electoral disaster in Scotland for more than 100 years and is now even less popular in Scotland than the Conservatives?

Mr Anderson: The whole debate is about the will of the people. People chose not to go for that, and that is their choice. Scotland, despite the claims made by the right hon. Member for Surrey Heath about Ruth Davidson, still remains historically a socialist heartland. The majority of the electorate are inherently socialist. I therefore argue that to have a Government who would introduce and implement socialist policies, their only option now is to choose Labour.

I turn to the UK Government and express my utter dismay at a piece of correspondence I received recently. The correspondence came in the form of a letter from Citizens Advice Scotland that drew my attention to a report it produced on the poverty premium in Scotland. The report highlights the issues faced by those on the breadline—those who have to choose between electricity and food, as well as those who are forced to go to payday loan companies to make ends meet. The report looks at the impact that has on their mental and physical health and their personal relationships. Those are the daily problems that people face, and they are the issues we should be dealing with. It is what the Labour party would do, and it is what the SNP should be doing. I say to Members from Scotland: please stop talking about constitutional matters and get down to the business of actually helping the people of Scotland. If they did that, they would get more respect.

I am genuinely grateful to hon. Members for the history lesson that I have received today, but I am worried about the problems facing the people in the present and the huge uncertainties we face in the future. That is what we should be spending time talking about in this place and in Holyrood.

3.49 pm

The Deputy Leader of the House of Commons (Michael Ellis): I start by saying what a pleasure it is to appear before you, Mr Bone, a fellow Member from

Northamptonshire. I congratulate the hon. Member for Glasgow North (Patrick Grady) on securing this debate, which is one in a series along similar lines, I think, that have been secured. It has been an important opportunity to discuss the democratic tradition in Scotland, of which both the 1689 and 1989 Claim of Right documents form an important part, and to highlight the significance of that tradition today. It is good to be reminded that the constitutional issues which we grapple with are not new. Of course, it is arguable that the Claim of Right was put into practice in 2014, as the hon. Member for Edinburgh South (Ian Murray) mentioned. The people had a say then—they voted to stay in the United Kingdom and that should be respected.

The United Kingdom shares a democratic tradition, exemplified by the Parliament in which we are gathered today, which works in harmony with and not against the particular traditions of Scotland. That was recognised in the devolution settlement, for which the 1989 Claim of Right, drawn up by the Scottish Constitutional Convention, helped make the case, and which was voted for in the 1997 referendum and reaffirmed in the 2014 referendum. That settlement respects the right of the Scottish people to have a say, in two Parliaments, on a range of important issues affecting their lives while remaining a strong and vital part of the United Kingdom.

Most recently, the Scotland Act 2016 ensures that the Scottish Parliament has a significantly greater say on matters including taxation and welfare support in Scotland, putting into practice the agreement of the Smith commission, to which my right hon. Friend the Member for Surrey Heath (Michael Gove) alluded. That agreement was reached by all the major parties in Scotland. The heads of agreement in the commission's report recognise the principles of the 1989 Claim of Right by citing

“the sovereign right of the people of Scotland to determine the form of government best suited to their needs.”

The Act now being implemented, with a number of its new powers having already come in force, provides the right balance to the devolution settlement and will create a more powerful and accountable Scottish Parliament within a strengthened UK. That is what the people of Scotland voted for. It balances the desire for more decisions to be taken in Scotland, closer to those they affect, with retaining the strength and security which come from membership of the larger United Kingdom and for which people voted in the crucial, once-in-a-lifetime referendum in 2014.

The Scottish Parliament at present has extensive powers. Today, it has a budget of around £30 billion, but with little responsibility for raising the funds it spends. The 2016 Act, when implemented, will provide the Scottish Parliament with much greater tax-raising powers. From responsibility for raising around 10% of what it spends today, Holyrood will in future be responsible for raising more than 50% of what it spends. As my right hon. Friend the Member for Surrey Heath mentioned, the Scottish National party is not currently using the powers that it has, and one can draw conclusions from that.

The Scottish Parliament will be given unprecedented flexibilities on income tax to set income tax rates and thresholds for earned income, including the ability to introduce new bands. These crucial powers represent around £12 billion of income tax revenues. In addition, there are extensive new powers over welfare and employment

support, which allow the Scottish Parliament and the Scottish Government to support those who need it in a way that reflects Scottish circumstances.

What is important now is how those new powers will be used for the benefit of people in Scotland. We respect the importance of historical traditions and we have heard a great deal this afternoon about the 1689 Claim of Right. Traditions are very important, but the priority should be the future. We have delivered on our commitments in the Smith commission, and the United Kingdom Government will support the Scottish Government using those powers in the interests of the Scottish people.

On the outcome of the EU referendum, the Prime Minister has had constructive discussions with the First Minister and has made her position clear. Hon. Members may have heard that position enunciated frequently: Brexit means Brexit and we are going to make a success of it. It was a high priority for the Prime Minister to visit Scotland and meet the First Minister to discuss that matter very soon after she became Prime Minister, but in 2014 the Scottish people decided in a legal, fair and decisive referendum to remain a strong part of the UK. That is a vivid example of the Claim of Right in force, and should be respected. That is how we will now approach our negotiations for leaving the EU—together as one United Kingdom. I say to the SNP that our focus should now be on working together to get the best deal for Scotland and the whole of the United Kingdom in the negotiations with the European Union. The people of Scotland will expect the United Kingdom and Scottish Governments to work closely together, as part of team UK, to find a constructive way forward and therefore, as we prepare for a new negotiation with the European Union, we will fully involve the Scottish Government. I say in the strongest terms that our aim should be to unite to ensure the best deal for Scotland and the whole United Kingdom as we take forward the necessary work following the referendum result.

The 1689 Claim of Right and its more recent successor are important documents that reflect a venerable democratic tradition in Scotland, but they should not be invoked now in an attempt to justify another independence referendum. That is not what should happen. Respecting the will of the Scottish people means respecting the result of two referendums by ensuring that we negotiate an exit from the European Union that achieves the best deal for Scotland so that it remains stronger within the

United Kingdom. The focus now should be on working together to achieve that aim and, at the same time, on ensuring that the significant new powers that the Scottish Parliament has are implemented and used in such a way that delivers practical benefits for the Scottish people.

3.57 pm

Patrick Grady: I am very grateful to all right hon. and hon. Members who have taken time to participate in the debate in a very constructive and good-spirited manner. I was not trying to rerun the arguments of the independence referendum—my point is that the circumstances have changed significantly since then. What I wanted to understand—I am not entirely sure that it has become any clearer—is the Government's position on the principle of the sovereignty of the people of Scotland. The Conservatives never endorsed the Claim of Right and, by the end of the day, still have not. That is going to be particularly important in the context of decisions that will come to this Parliament on the future of our membership of the European convention on human rights and on the possibility of a British Bill of Rights. It will be important for the decisions that the Scottish Parliament, founded on the back of the Claim of Right and a referendum, will have to make, on a cross-party basis, about the potential for any future independence referendum.

I have heard the accusations that we are navel-gazing and talking about constitutional matters. Well, the constitution is still reserved to Westminster. All the examples I gave of policies that are against the will of the people of Scotland are policies that are reserved to Westminster. While we have been debating this, the Scottish Government have been laying out their programme for government, for progressive reform, for a more socially just Scotland—an ambitious vision—using the powers that we have and that have been endorsed three times in Scottish general elections where the Scottish National party was elected to Government. I would say to the hon. Member for Blaydon (Mr Anderson), who said that the clue to our purpose is in our name, that our name is the Scottish National party and not the Scottish nationalist party.

Question put and agreed to.

Resolved,

That this House has considered the Claim of Right for Scotland.

Mindfulness in Schools

[MR CHARLES WALKER *in the Chair*]

4 pm

Nic Dakin (Scunthorpe) (Lab): I beg to move,

That this House has considered mindfulness in schools.

It is, as always, a great pleasure to serve under your chairmanship, Mr Walker. It is good to be able to highlight the work of those bringing mindfulness training into UK schools. I pay tribute to all those supporting the ongoing work of the all-party parliamentary group on mindfulness. In particular, I pay tribute to the enthusiasm and passion of our former colleague, Chris Ruane, who continues to be an outstanding ambassador for mindfulness.

Childhood is a time for acquiring life skills alongside academic knowledge. Good schools teach young people how to keep their bodies fit, and encourage regular exercise and a healthy diet to promote good physical health throughout life, but mental health is equally important to a child's long-term wellbeing, academic success, behaviour and eventual life outcomes. The training of attention is a foundation on which the cultivation of good mental health rests. A growing body of scientific evidence shows the benefits of mindfulness to resilience, concentration and the relief of anxiety. An evidence-based approach to mental wellbeing should have a vital part to play in the way we prepare our children for life. It makes sense, therefore, for mindfulness to be taught more widely in our schools.

In my professional and personal life, I am aware of the need to be present, focused and grounded to face all that life and work throws at us—at the moment, that is quite a lot. I am one of about 130 MPs and peers who have taken a mindfulness course in Parliament in the past three and a half years. Like many of my colleagues, I found the course compelling, with personal benefits for everyday life.

Abundant research shows that attention is fundamental to mental functioning. The eight-week mindfulness course undertaken by parliamentarians taught us how to train our attention to remain more focused and engaged in the experience of the present moment. By steadying one's attention in that way, one can learn to respond in more clear-headed, versatile and creative ways to daily choices and challenges, instead of being driven by habit and impulse. Those simple, accessible mental skills can be taught to everyone, but, as with so many things, the most effective time to learn is during childhood.

Children and young people are under tremendous pressure in today's society. According to Government figures given to the all-party parliamentary group, 32.3% of 15 to 25-year-olds suffer one or more mental health difficulty, and 11% suffer mild, medium or severe forms of attention deficit hyperactivity disorder. Only last week, the Children's Society published disturbing evidence in its annual "Good Childhood Report" that levels of unhappiness are rising among 10 to 15-year-olds. It called for more mental health and wellbeing support to be made available in schools to tackle low wellbeing early. Mindfulness has a role there.

Jessica Morden (Newport East) (Lab): I congratulate my hon. Friend on securing this debate. He rightly talks about the level of the alarming mental health crisis. Some 10% of children experience mental health issues

between the ages of five and 16, and half of those who experience mental health issues as children go on to experience them as adults. Given the scale of the problem, does he agree that there is a real urgency to innovate?

Nic Dakin: My hon. Friend is absolutely on the money. If this issue can be tackled in childhood, it will be less of a problem in adulthood. At the moment, the picture in adulthood is not very pretty either. The use of antidepressants among adults has increased by 500% in the past 20 years in the UK. The World Health Organisation states that by 2030, the biggest health burden on the planet will be mental ill-health. Many factors have been suggested as explanations of the apparently massive increase in mental ill-health among the young, including family breakdown, school-related stress, bullying, cyber-bullying, information overload, watching too much TV and digital technology rewiring our very brains.

Mind with Heart, which runs teacher-training workshops on mindfulness, has shown that teaching children mindfulness helps to reduce bullying, which is a significant contributor to youth depression, anxiety and suicidal tendencies. Much of that stress and mental ill-health can be avoided or alleviated. The possibility of prevention or effective management is greatly increased if skills for managing one's mind through life's challenges are learned early. That is why it is vital that schools and colleges play their full part, not only in spotting and addressing mental ill-health, but in teaching the basic life skills of good mental health. A growing body of research suggests that mindfulness could have a foundational role to play in providing evidence-based mental training for children and young people.

Following the publication of more than 50 promising pilot studies, the Wellcome Trust is currently funding a £7 million research project into the effects of mindfulness training on pupils aged 11 to 18, led by Oxford University. It is likely to confirm and strengthen the existing scientific evidence base for the adoption of mindfulness education programmes in schools around the world. Staff from the Centre for Mindfulness Research and Practice at Bangor University have introduced a curriculum for seven to 11-year-olds and are developing a course for three to seven-year-olds. The university is also researching the impact of mindful parenting programmes.

One of the fathers of modern psychology, William James, said in the 1890s that,

"the faculty of voluntarily bringing back a wandering attention, over and over again, is the very root of judgment, character, and will. No-one is"

master of himself

"if he have it not. An education which should improve this faculty would be the education par excellence. But it is easier to define this ideal than to give practical directions for bringing it about."

The courses and curriculums I mentioned not only define but deliver that ideal. There is promising evidence that mindfulness training enhances executive control and emotional regulation in children and adolescents, in line with adult research. Those crucial contributors to self-regulation underpin not only emotional wellbeing but effective learning and academic attainment.

Research highlighted by the prominent American psychologist, Daniel Goleman, show those capabilities to be the biggest determinants of life's outcome. They improve concentration, response to stress and meta-cognition, all of which are crucial skills for learning.

They support effective decision making and creativity. In other words, the soft skills are the foundation of the hard skills.

Siobhain McDonagh (Mitcham and Morden) (Lab): Does my hon. Friend agree that those soft skills also provide a brake between thought and action? In the case of self-harming, which seems to be increasing exponentially, they are an important brake on action and on injuring oneself—particularly for girls. Some of our schools are becoming the biggest procurers of mental health services outside the NHS.

Nic Dakin: My hon. Friend is absolutely spot on. The opportunity for reflection, attention, thought and pause is encouraged through mindfulness training.

At the launch of our all-party group, it was wonderful to see 10-year-olds and teenagers showing an impressive understanding of the workings of the brain, demonstrating absolutely the point made by my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh). They knew about the role of the tiny reptilian part of the brain, the amygdala, which hijacks higher psychological functions such as kindness, creativity and compassion; they spoke about practising regular mindfulness meditation in order to remain anchored in the present, rather than being swept away by strong emotion; and they explained the difference that such training made to their lives, with the ability to make considered responses, rather than being the victim of impulsive reaction—in many ways, exactly the point made by my hon. Friend.

Jessica Morden: To back up my hon. Friends, I should say that many hon. Members, including me, have visited mindfulness programmes in our constituencies. I was struck by how highly the programmes were talked of by people, and by how enthusiastic they were about them and the techniques. Does my hon. Friend agree that we would welcome hearing from the Minister that he is willing to visit some such programmes?

Nic Dakin: That is a very good idea. I suspect that the Minister will be delighted to seize the opportunity when he responds to the debate. I thank my hon. Friend for her intervention—she is right that seeing such programmes being delivered is inspirational.

Teachers need the training to deliver the courses. This week, one teacher contacted me to say that she had paid for herself to become a qualified mindfulness teacher, and she has seen a remarkable impact on her students from the courses she teaches. As she rightly points out, however, we need courses to be run for the teachers themselves, because they need to embody mindfulness before it can be taught effectively. We then need teachers to be taught how to teach it.

In the context of education, our all-party group on mindfulness is concerned not only with pupils and students, but with those who work in education. Sadly, according to the statistics, the challenges that they face are compelling. According to an NASUWT survey, half the teachers polled had visited their doctor with work-related physical or mental health issues; more than three quarters of them had reported anxiety; and 86% had suffered sleeplessness. Mindfulness has the potential to tackle such issues.

Margaret Ferrier (Rutherglen and Hamilton West) (SNP): Will the hon. Gentleman give way?

Nic Dakin: I will give way—

Mr Charles Walker (in the Chair): Order. The hon. Lady was not present at the beginning of the debate. I will let her make an intervention, but please, colleagues: you have been here for a year and a half. You know the rules.

Margaret Ferrier: I had a view of some research in a 2014 *Clinical Psychology Review*. Researchers at Montreal University, who looked at 209 studies covering more than 12,000 people, concluded that mindfulness is especially effective to reduce anxiety, depression and stress. Does the hon. Gentleman agree that mindfulness would be extremely beneficial for young people to use as a tool to cope with stress and anxiety, be it social, exam-related or otherwise?

Nic Dakin: The hon. Lady, though late, makes a good contribution. Unions such as the National Union of Teachers in Wales offer their members massively discounted rates for mindfulness classes.

Nick Thomas-Symonds (Torfaen) (Lab): Will my hon. Friend give way? I, too, apologise for not being present at the start—

Mr Charles Walker (in the Chair): Gosh: we now have a free-for-all. I will be less generous next time, but if the hon. Gentleman wishes to give way—

Nic Dakin: I will give way.

Nick Thomas-Symonds: I thank my hon. Friend for giving way. He is making a powerful point that mindfulness is extremely useful throughout life. For example, it can also help with transition when people have long-term health conditions, which is beneficial for the person and for our public services.

Nic Dakin: Absolutely—another intervention that was worth taking, although my hon. Friend was a little tardy in arriving.

Before the recess, I chaired a meeting in Parliament at which Professor Craig Hassed of Monash University, Melbourne, informed MPs about work he has been doing for 25 years to introduce trainee doctors and teachers to mindfulness as part of their curriculum. It would be good to see that practice emulated in British professional training.

To conclude, in the past few years we have made real progress in the field of mindfulness in education, but a great deal more can be done. A strategy that considers how best to train the attention of young people from childhood through adolescence and early adulthood would help to stem the tsunami of mental ill-health that is enveloping the youth of the western world, while simultaneously supporting learning and helping to tackle behavioural issues.

Mindfulness training offers preventive strategies to grow resilience in our young people. With mental health issues on the rise in schools and colleges, and CAMHS—child and adolescent mental health services—under pressure

[*Nic Dakin*]

throughout the country, it is imperative for us to seize the opportunity to make that resilience training a natural part of our children's education. I am proud to be working alongside mindfulness advocates, educationalists, academics, scientists and fellow politicians, across party, in taking the issues forward for the benefit of the next generation.

The all-party group has had consistently positive responses from Education Ministers, who have been keen to work with us. For example, in 2014 the right hon. Member for South West Norfolk (Elizabeth Truss), then an Education Minister, met the group and we had a useful discussion; and last October the right hon. Member for Loughborough (Nicky Morgan), then the Secretary of State for Education, spoke at the launch of our APG report, "Mindful Nation UK".

I thank the Minister present for already agreeing to meet a cross-party delegation in the near future to discuss issues further. Meanwhile, I would be interested if he took up the offer so well made by my hon. Friend the Member for Newport East (Jessica Morden): to visit a school where mindfulness is being taught, so he may see that at first hand. Will the Minister commit to support the growth of mindfulness courses in schools for children and staff? Will he also work with his ministerial colleagues to look at the latest research into, and best practice for, the wellbeing of teachers to ensure that they have the psychological and emotional resources to provide world-class teaching for our children and young people?

4.16 pm

The Minister for Vulnerable Children and Families (Edward Timpson): It is a pleasure to see you in the Chair, Mr Walker.

I am pleased that the hon. Member for Scunthorpe (Nic Dakin) was able to secure the debate, and I thank him for a thorough, informative and thoughtful contribution. Ensuring the wellbeing, happiness and success of our children and young people is a top priority for me, as it is for him. The debate is timely in that, given the change of Government, I have recently taken on departmental responsibility for children's mental health, which is an area that I feel passionately about and with which I have been involved through my work for children in care.

I am fortunate to have been the Children's Minister for four years. Throughout, my focus has been on improving the lives of all children in our society, in particular the most vulnerable and disadvantaged. Now, I will be working closely with my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood) in her new role as the Under-Secretary of State for Health with direct responsibility for child and adolescent mental health, as well as with ministerial colleagues in other Departments, to ensure that we garner knowledge about and growing evidence for the impact that we can have if we work earlier, more collaboratively and with more conviction to tackle such issues.

One of the Government's main priorities is to prepare all young people, wherever they live and whatever their background, for life in modern Britain, to ensure that

they all have the opportunity to develop necessary character and resilience and to grow up to become well-rounded individuals who can make a positive contribution to society. I am in no doubt that positive wellbeing—emotional, as well as physical and mental—the ability to cope with life's challenges, and good mental health are key aspects in achieving just that. We still have a long way to go, but we are working hard to make real and lasting improvements. We all have to acknowledge that, historically, the importance of good mental health has not been prioritised in the same way as physical health, despite the fact that the impact of poor mental health can be just as profound on young people's education, overall health and life chances.

That alone will not compensate for all the years in which the area has been underfunded and under-prioritised, but yes, we have committed £1.4 billion in funding to turn around and transform services, asking local areas to identify the needs of their local populations and to look at developing new approaches, in particular those focused on upstream investment in preventive approaches. At the same time, national organisations such as the UK Council for Child Internet Safety, which I co-chair, are working to improve all aspects of internet safety, including on cyber-bullying and self-harm.

As the hon. Member for Scunthorpe said, and as we know from a 2004 study by the Office for National Statistics, about one in 10 children and young people had a diagnosable mental health disorder—the equivalent of three in every classroom—and another four or five in each class had poor mental health. That was 12 years ago, and due to the huge and in some ways unimaginable changes in society since then, young people are growing up in a very different environment from the one in which we grew up and are facing a whole new set of challenges. A ChildLine report published in January suggested that modern-day pressures such as cyber-bullying and social media are affecting children's confidence and self-esteem. Children cannot unplug from their online world, and that is changing the shape of many of their relationships and the pressures that they come under at a much more tender age. In order to understand much better the impact of that, the Department of Health is undertaking a prevalence survey to look at the state of the mental health and emotional wellbeing of children and young people across the country. When that survey's findings are reported in 2018, they will give us a comprehensive and far clearer picture of what young people need.

There is still much more for us to learn and do to enable all children to enjoy good mental health and emotional wellbeing, and I completely agree that schools and colleges have a vital role in achieving that. That is where mindfulness—a modern innovation born from the deepest traditions of meditation—comes in. Such approaches, which focus on building skills and resilience to help children and young people to be far more aware of their own mental health and give them the confidence to ask for help when they need it, have the potential to be incredibly useful when used in school and college settings.

I have been interested for a while in how mindfulness can be used to help children and young people to focus their attention and develop their concentration skills—a real problem for many youngsters at a much younger age than ever before. I have also been struck by the

testimony of many teachers and pupils—we have heard more of that today—who have adopted this approach and found that they are calmer, more fulfilled and better able to deal with stress and anxiety. I took an interest in mindfulness because my dad was on “Desert Island Discs” earlier this year, and he spoke about some of the moments of acute stress in his life and the debilitating effect that often has, and about the importance of being able to talk to someone about that in the hope that help can be given, coping strategies can be worked out and stress can be pre-empted and prevented from developing in the first place. Again, from what I know, much of that appears to be at the heart of what mindfulness is all about.

Many schools successfully use mindfulness approaches such as those offered by the Mindfulness in Schools project, and some of our teaching schools, including the Alliance for Learning, offer mindfulness training to other schools, both as part of their staff continuing professional development and as a way of supporting their pupils. Anthony Seldon, the former head of Wellington College, is a strong advocate of that approach. I am keen to learn more about the impact of such courses and would welcome the opportunity to hear more about such approaches from members of the all-party parliamentary group—I am grateful to one of its co-chairs, the hon. Member for Newport East (Jessica Morden), for taking part in the debate—and to visit one of the mindfulness programmes in action. I am not sure whether we will necessarily end up in Wales, but I am sure that we will find a school that will give me a really good insight into the positive impact that mindfulness is having on its pupils and staff, and on the wider community.

It is important that schools and colleges are able to choose programmes and interventions that are right for them and their pupils. No single approach will be right in all circumstances, and it can be difficult for schools and colleges to know what is safe and most effective to offer to their pupils. Rightly, our first step is to have a better understanding of what schools and colleges are doing, so we are in the process of conducting a large-scale survey to ask them what approaches and interventions they use and which they find are the most effective. Mindfulness is specifically mentioned in that survey, so when the report is published early next year, we will have a much better idea about what is being provided and what difference it is making. That report will add to the evidence that is already being collected by the Oxford Mindfulness Centre through its mindfulness and resilience in adolescence research project, as the hon. Member for Scunthorpe said, not to mention the APPG’s report, which I have had the opportunity to read.

Because schools need to decide what is best for their pupils, our approach is to support them by providing information, support, advice and guidance about the many options available to them. We have focused on four key areas of support: prevention, identification, early support and access to specialist help. The prevention strand covers a range of activities and programmes that raise awareness of mental health and emotional wellbeing and promote resilience. We want schools to have a whole-school approach that makes talking about feelings, emotions and wellbeing as normal for pupils as talking about their physical bodies. That might include lessons taught as part of the PSHE curriculum, whole-school

programmes such as mindfulness that become a normal part of the school day, role play in drama lessons, or offering meditation or yoga sessions, which I know the hon. Gentleman is particularly keen on. I am a pilates man myself, but they both help mind as well as body.

Improving identification of potential problems, including increasing awareness of those who might be vulnerable to such problems, will help everyone to become more aware of the warning signs of a problem and help children and young people to become more confident about asking for help. Often, one of the biggest barriers is that they do not have that confidence.

Our voluntary and community sector grants programme has allowed us to support schools and teachers by working with the likes of the Anna Freud Centre and Place2Be, which develop really good programmes that enrich teachers’ knowledge, promote mental health education throughout the whole school and offer targeted support for those who need it. Teachers’ knowledge of mental health is supported through resources such as the excellent MindEd, which includes a module on mindfulness, and by funding new and existing projects such as MindEd for Families and the YoungMinds helpline for parents, we have been able to help to support identification outside school settings. One of the difficulties is that some problems are trapped away from the school, and that work is about how we manage to bring them to the surface by making children feel confident that even in the family setting, there is help for them should they need it.

When problems occur, early support can help to prevent them from getting worse. Schools and colleges have put in place a range of practices that are effective, such as having a named adult whom young people know they can turn to, or providing access to a school counsellor, as most schools already do. Many young people also want the option of talking safely to their peers about their concerns, so we are looking at what is involved in creating and running a good peer support programme. I was delighted that nearly 2,000 young people responded to our call for evidence, ensuring that their voices will be at the heart of what happens next, and we will publish our findings in the autumn.

However, there are still many circumstances in which despite all our best efforts, children and young people need to access specialist mental health support. To help improve joint working between education and health professionals, we have been part of a £3 million pilot with NHS England over the past year that has provided joint training to staff and tested how having a single point of contact in schools and child and adolescent mental health services can improve referrals to specialist services. The outcomes of that pilot are being independently evaluated, and we are looking at how we can share that learning and best practice so that more children can benefit from similar bespoke support.

Although mindfulness is only one way of addressing the stresses and strains of modern life, it is becoming more widely known and used, and I am sure more widely appreciated. Its definition, which is set out in the APPG report—

“paying attention to what’s happening in the present moment in the mind, body and external environment, with an attitude of curiosity and kindness”—

is one that we should all heed when bouncing blindly from one day to the next. That is why I welcome the

[Edward Timpson]

opportunity to get off the treadmill for a few hours and visit a school so I can perhaps practise some mindfulness myself.

As the evidence base grows and best practice becomes better known, mindfulness has the potential to play an important role in providing children and young people with the mental and emotional resilience that they need to fulfil their potential. That, I think, is what they call optimistic thinking.

Question put and agreed to.

Resolved,

That this House has considered mindfulness in schools.

Educational Performance: Boys

4.28 pm

Mr Charles Walker (in the Chair): Colleagues, this is a one-hour debate and it is massively over-subscribed. You are not all going to get in. If you keep your comments to three minutes, most of you will get in, but I am afraid that if you do not—with the exception of Mr McCartney, obviously—you are not all going to get in. Minister, you will have 10 minutes at the end. The SNP spokesman and the Labour spokesman will have five minutes each. I call Mr McCartney to move the motion.

4.29 pm

Karl McCartney (Lincoln) (Con): I beg to move,

That this House has considered the educational performance of boys.

It is a pleasure to follow my greater Lincolnshire colleague, the hon. Member for Scunthorpe (Nic Dakin), who has now left, and to serve under your chairmanship this afternoon, Mr Walker. I am pleased to see so many Members from both sides of the House here. I hope everyone will have an opportunity to take part in the debate, should they so wish.

I am delighted to lead the debate, because the educational underachievement of boys is a one nation issue. It is an equality and fairness issue and an issue that should be front and centre of the country's conversation on education and social mobility. The issue of our gender education gap and its impact has not been addressed adequately by this House or by successive Governments of all colours and the education sector seems reluctant to take action on it. That is a shame. This issue is not just about working-class boys or no-income families, albeit those groups do need attention. It is an issue that affects boys across the board, including a group so often missed out—boys from low to low-middle income households.

As Members of this House, we all hold dear the desire to ensure that every young person in our great country has the opportunity to make the most of their life and their skills. We also want a cohesive society, the opportunity for social mobility for all and a successful economy—even more so in a positive post-Brexit economy. We may all have different ideas on how to achieve that, but surely our aims are all the same.

The reason for the debate is to set out what the gaps are, the impact to date, the reasons and what action needs to be taken, for it is such positive action to tackle this inequality that has been lacking, and which needs to be quickly addressed. We cannot afford to keep letting further generations of our boys down by not addressing this glaring gender education gap. Talk, or more talk and no action, will no longer pass muster.

It is also important to set out the framework of the debate, which is about closing the gap between the educational performance of boys and girls, but not at the cost of reducing girls' performance. That is a socialist creed which I will not countenance. I want levels of attainment for all to be comparable and raised, not lowered. We need the performance of both to keep on improving, but for the gap between them to close.

It has to be recognised that the performance of boys has continued to improve over time. The number of boys going to university each year is 46,000 higher than a decade ago and there has been a steady improvement

in GCSE and A-level results. What has stayed the same, though, is the clear gap between boys and girls, and in some areas such as higher education the gap is increasing. At key stage 2—in old money that is 11-year-olds—the pass rate gap is six percentage points and boys are often already behind on entering primary school. For five GCSEs including English and maths in England, the gap is now nine percentage points and in my county of Lincolnshire it is 10 percentage points. The gap at 16 years of age in Wales is 7.5%, in Scotland 7% and in Northern Ireland 7.3%. For the English baccalaureate the gap is just under 10%.

As we move further through the education system, at A-level the average grade for a boy is C and for a girl is C-plus, albeit a higher percentage of boys achieve three A's or A*s than girls. In terms of higher education, fewer boys go to university, due to lower attainment in earlier school or college years—60,000 fewer in 2015, and there is a gap of more than 460,000 over the last 10 years. Results at university also show that boys will achieve lower grades and are more likely to drop out. Two thirds of all courses now have more women than men on them.

As we all know and see every day in our constituencies, while facts are one thing, it is the actual impact on the lives of individuals and their families that matters. The gap affects our community, our businesses and our ability to compete as a nation. I see its impact when driving around certain areas in the daytime and I see young men hanging around when they should be in work, on an apprenticeship or at university or college.

Mr Gregory Campbell (East Londonderry) (DUP): With reference to the impact on the hon. Gentleman's constituency and all our constituencies, in some instances—in Northern Ireland, for example—targeted interventions have taken place. In particular, in literacy and numeracy we had a programme over two years that seemed to get to the nub of the problem. Unfortunately it did not go far enough and there was not enough money spent on it, but that was a good targeted intervention and we should look to projects like that for the future to try to address that problem.

Karl McCartney: I agree with my colleague, who makes a very good point, and it is something that I will cover later on in my speech. I am happy to take as many interventions as possible.

Most males who are not in education, employment or training are unemployed. For those men with no or low skills, that has an impact on their mental health, employment and predilection to commit crime. Those men constitute the largest group in our criminal justice system. When it comes to apprenticeships, there are now 30,000 more female apprentices, a trend and gap that has been in place for at least the past five years. After university, a lower percentage of male graduates will be in full-time work, a higher percentage will be unemployed and far fewer enter the professions. Nowadays, there are more women becoming doctors, vets, dentists, solicitors and teachers than men every year, which reflects the numbers taking related degrees. Twice as many women are now training to be a GP as men.

We can see that all played out when it comes to wages. According to the Office for National Statistics, on average men in full-time or part-time work under 29 years of age are paid less per hour on average than similarly aged

women. That remarkable transition flies in the face of the shrill equal pay brigade, who while proclaiming the need for equality seem quietly to gloss over that fact when shouting from the rooftops with regard to equal pay. I want equal pay for those with equivalent experience and qualifications and skill levels regardless of their gender or age.

What is causing the gap—a gap that broadly was not there before the 1980s but which has been increasing since then? That has been an area of some contention, which may partly explain why so little investigation has so far taken place, because it is difficult to agree or find solutions if there is no agreement on what is causing the problem. In essence there are a number of themes.

The first is that boys develop more slowly in their teen years than girls, so boys and girls are not at the same natural development level, even when they are the same age. Many of us long ago accepted that boys and girls are different. The second is around social attitudes and background. There is some evidence that boys have less positive attitudes towards education than girls have, and that they receive less support at home. The role of fathers and/or role models is seen as vital to instilling in their sons the importance of education.

William Wragg (Hazel Grove) (Con): On that note of support at home, does my hon. Friend agree that one of the issues is with parents' confidence in their own literacy? Reading to their children can be quite intimidating if their own standards of literacy are poor. Is it not therefore necessary for the Government to focus on that area to address the early years?

Karl McCartney: My colleague from Hazel Grove makes a very good point.

Perhaps longer working hours and one-parent families where the father is not the primary carer are also an issue. The economy has changed, so the value of job opportunities in masculine-type work, such as in heavy industry, has changed, or such jobs are not as available as they once were.

Another theme is whether the education system is boy-friendly. I believe that the educational system, schools and the sector as a whole are not focused enough on supporting boys. That could be because schools lack understanding about boys and what makes them tick. Practical education, a level of freedom to think and act for themselves, clear goal-setting, career and subject choice support, all within a clear disciplinary framework, are needed, as is an environment that nurtures and celebrates, and does not denigrate, masculinity. The situation is exacerbated by a lack of male teachers and role models in schools. If boys see only women in schools, in whatever roles, that reinforces their view that education is just for girls.

I and others have noticed that the majority of pictures in the national papers recently—each year, it seems—were just of girls celebrating their exam success, not boys and girls, which perhaps sends a subliminal message to boys that education and success are a girl issue and not for them.

David Rutley (Macclesfield) (Con): I congratulate my hon. Friend on securing this important debate. Does he not agree that one of the key things for young men in particular is motivation and aspiration? I note that a few years ago Ofsted said in a report that,

[David Rutley]

“a third of the schools failed to provide sufficient opportunities for students to engage directly with local businesses.”

Does he not think that if we get more businesses to provide role models and experiences for young men, they are more likely to get motivated about opportunities and then focus more on their studies to help them to achieve those goals and aspirations?

Karl McCartney: Indeed, I entirely agree with my hon. Friend. I point him in the direction of what is now Career Ready—it was formerly Career Academies UK. I helped to set up a Career Ready in my constituency. It is very much a London-and-south-east-centric charity, but I believe it needs to be rolled out across the country.

Perhaps the education sector shies away from any focus on boys because it is not politically correct. Certainly, there is deafening silence from the education trade unions and others. There would be no silence if the genders were reversed—of that I am sure. Also, the move from all-or-nothing exams to continual assessment at GCSE has been seen as favouring a female way of learning, albeit with the recent changes swinging the pendulum slightly back towards a level playing field.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I think this debate is very important and much needed, coming from an area that is still reliant on heavy industry—although there have been setbacks in the last couple of years, whether that be the steel sector or indeed potash mining or the chemical industry. What is of real concern, particularly for young men who seek skills-based training for employment, is the Brexit vote. As the hon. Gentleman will be aware, my area of Teesside and east Durham was one of the primary areas of European social fund and European development fund funding for sector-specific training in industry, which primarily benefited young men who needed skills training to enter heavy industrial work.

Karl McCartney: The hon. Gentleman from the Opposition, who is my friend, makes a valid point from his point of view, but I would counter that I see Brexit as much more positive than perhaps he does.

Mr Nigel Dodds (Belfast North) (DUP): I congratulate the hon. Gentleman on securing this important debate. It should be remembered that this problem has arisen while we have been in the EU, not as the result of any prospect of leaving. Does the hon. Gentleman agree with the initiatives that have been undertaken in the Greater Shankill area in my constituency, which is one of the most deprived areas, suffered a lot during the troubles and has a lot of educational underachievement among young boys? One of the things we have done is to create a children and young people’s zone, which brings together educationalists, school teachers, community activists and agencies of Government to work together with children from the earliest age to try to tackle this particular issue.

Karl McCartney: I agree with the right hon. Gentleman. I thank him for making a good point, to which we should all pay attention. As I was saying, the pendulum has slightly swung back towards a level playing field

and it will be interesting to see whether that makes any difference to the gender educational gap over the next few years.

Lastly, there is something else at play around the 16 to 18 age range regarding the welfare system, especially for low or no-income families: the effect on young men who may be reluctant to take up an apprenticeship because their families will lose their child benefits and it will affect their working tax credit. Some families do not want their sons or daughters to take up apprenticeships. That is an issue encountered by a well-respected and successful training provider in Lincolnshire called Lagat, which has made me aware of examples of opportunities being denied to young people of both genders because their families do not wish to be disadvantaged financially. My colleagues in Government need to take heed and act positively to ensure that this penalty is removed quickly.

Two things strike me about this issue. First, there is not a wholesale body of research or agreement on the causes, and it seems that the educational sector is not focused on the issue at all. That is despite the valuable work by pressure groups, charities and think tanks, and from organisations such as the Higher Education Policy Institute—particularly its “Report 84”, authored by Nick Hillman and Nicholas Robinson, with a foreword by Mary Curnock Cook, which I recommend to anyone who is interested in the issue. Other organisations doing good research on the matter include Save the Children, the boys reading commission, which is part of the National Literacy Trust, the Sutton Trust, the Social Mobility Commission and many others.

Secondly, there does not seem to be agreement on what causes the gender educational gap, which makes it far harder to decide what to do to address the problem positively. I have set out the statistics, impacts and the broad debate on the causes, but what are the solutions? We know that the limited number—if there are any—of solutions that have been implemented are not working, because the gap is not closing.

The first theme is to encourage and instil in the minds of parents and sons that a good education is to their benefit, and to re-instil a sense of aspiration, pride and understanding. As Steve Biddulph’s books on parenting show, parents need to step up to the plate too, to ensure that boys are inspired and given opportunities to excel and aspire to do as well as their fellow female pupils at all ages. Using practical examples, case studies, mentors, destination data, inspirational people from the local community, the National Citizen Service and other such methods will surely have a positive effect as quickly as possible. We have to provide clear reasons for boys to go to school and college and to concentrate and work hard while they are there. We need to communicate with parents to ensure that through the interaction they are offered they support boys every step of the way.

The fact that girls from low and no-income families still do better in educational attainment means that parental attitudes are not the only issue at play in this arena. The educational sector at a national and local level has to, and can, do more. There are certainly schemes that form part of university access agreements to persuade more boys to go to university. That is no criticism of universities, which need more boys to achieve the grades to be able to go, stay and not drop out. I believe, as do many others such as Mary Curnock Cook, chief executive of UCAS, that we need more

male teachers in schools at every level. Fewer than one in six primary school teachers are male, with fewer than two in five at secondary level. That ratio is not improving on an equality level. That cannot go on, and I am confident it is one of the main causes of boys being behind their female classmates.

4.44 pm

Sitting suspended for Divisions in the House.

5.10 pm

On resuming—

Karl McCartney: I will continue where I left off. We also need schools to rethink everything they do to ensure that it is boy-friendly and not just girl-friendly.

The third theme is to be positive about masculinity in schools. Boys need outlets for their creativity, energy and natural instincts. They need to know it is okay to be masculine, and that masculinity is the equal of femininity. It is a positive thing to like cars, engines, building sites, getting your hands dirty and playing sport. It is also a positive thing to like dancing, painting, sculpture, acting and writing plays, but we must not shy away, at any level, from celebrating what traditional male or masculine roles are; they are what we as males were born to do. It may also surprise some ladies that some males can multitask. Some of us can cook, wash, sew and manipulate a Dyson without instruction and make a damn good job of it.

Patricia Gibson (North Ayrshire and Arran) (SNP)
rose—

Karl McCartney: I will give way to the hon. Lady, who might have some personal experience of my skills with a Dyson.

Patricia Gibson: I assure the hon. Gentleman that I am not going to pick up on those particular points. Those in the room expressed their views on that for themselves. Given what the hon. Gentleman said about masculinity, what would he say to international research on 1.5 million 15-year-olds, across a range of countries around the globe, which shows that girls do better than boys even in those countries where girls' rights are severely limited and gender equality is appalling, such as Qatar and Jordan?

Karl McCartney: Those are some of the points that we will discuss today—and might well do in the future, as the Chairman has indicated—so I thank the hon. Lady for her point.

We also like to compete at Scrabble, cards, Jenga, football, rugby, cricket, hockey and whatever else we might have the opportunity to engage in, and there is nothing wrong with that. I fear the over-feminisation of our education system has, and is, turning boys off education. We need to nurture men and play to their strengths. Boys want to be young men, and young men want to be grown men; that should be seen as a positive. Some say grammar schools could be the answer and they may be for some, but we need all schools to be successful.

Jim Shannon (Strangford) (DUP): I just want to put this on the record. In Northern Ireland only 19.7% of young Protestant boys actually achieve five or more GCSEs. That is an indication of the many per cent who do not achieve that. Does the hon. Gentleman agree that there is a need for vocational courses with on-the-job training, and that they must be available at all large schools to enable those who do not have the academic ability to forge ahead vocationally?

Karl McCartney: I thank the hon. Gentleman from Northern Ireland, who never fails to make a good point in debates in Westminster Hall.

Bringing back secondary moderns for those who do not go to grammar schools and ensuring they attain the same results would cost a fortune, and may not be attainable in the short, or long, run. So any moves on this policy need to be well thought out. No one, whatever their gender or background, deserves to be left behind.

If I am anything, I am someone who believes in striving for a utopian, completely level playing field in life's chances; but I am a realist and I know that such a dream can never be. I will do my best to ensure that our young people realise that, as my maternal grandma said to me and my younger brothers on more than one occasion, "No one can ever take your education away from you." She wanted us to work hard at school and go on to college or university and it is only through the second, and perhaps third, chances that I have been granted, mainly through her sacrifices and those of my grandfather and parents, that I was able to achieve what I have. That is why I am honoured and privileged to stand in this place in front of hon. Members today as one of the 650 Members of Parliament who have been elected to represent their fellow countrywomen and men of all ages and levels of educational attainment.

Additionally, I believe we should also have three-year, five-year or seven-year apprenticeships equivalent to degrees but that are vocational for those who are non-academically minded. Those should of course be available to girls as well as to boys, but we need to think differently; it works in countries like Germany, so why not here? University is not for everyone, and certainly with an increase in participation rates from circa 5% in the early '80s to 30% in the early '90s and 47% now, it should not mean it is automatically the primary option for young people. The Labour con of the late 1990s to keep youth unemployment figures low is not a good reason to increase university attendance and participation, although I believe that wanting to win in a global economic race with a well-experienced, well-educated and motivated workforce across the myriad economic sectors is.

I find it odd that although we are all promoting more women to be engineers and scientists, there are no such reciprocal schemes for boys. Given the lack of young men now entering the professions, where are the schemes for young men enticing them to apply themselves and to enter professions where they are now underrepresented, such as teaching, medicine, law, psychology and a raft of other subjects and specialisms?

My final theme is about focus and political leadership. There has been precious little attention and focus from the Department for Education, or anyone else in Government and Whitehall for that matter, in terms of recognition, policy and action on this issue. Given that this pattern has emerged and then become embedded

[Karl McCartney]

for three decades, it is for Governments of all shades, including the last Labour Government, to hang their heads in shame and hold their hands up in acknowledgment that they missed a trick and seek redemption.

I am almost certain that if the genders were reversed this current situation would not exist. Indeed, for more than 20 years copious amounts of taxpayers' money have been successfully spent on encouraging female applications for STEM subjects and a plethora of degree subjects, college courses and, in more recent years, apprenticeships. That is all to be welcomed, but where has the focus and investment been for boys? I also looked at what focus there was from the Government Equalities Office, the Equality and Human Rights Commission and the educational trade unions; little, if anything, was the result of such fruitless searches.

In conclusion, this subject is not going to go away. We cannot wait any longer for more generations of boys to fall behind girls educationally. That is why I believe the Government need to set up an implementation taskforce, as they have on so many other important policy areas. This is exactly such a policy area. The Government have rightly given much focus, policy and leadership on matters such as the lack of women on boards and the gender pay gap. There is an unarguable case that the Government should give the same level of focus, policy and leadership on the gender education gap as they have on those worthy issues that have received much media and BBC coverage in recent politically correct years.

The Department for Education and Ofsted need to step up to the plate and ensure that schools, whether run through local education authorities or as academies and free schools, are boy-friendly. The gender education gap is a very serious matter affecting boys, their families, communities, businesses and our country as a whole. It is a one nation issue, a fairness issue, an equality issue and an issue that has been ignored for far too long. Our boys' underperformance at school deserves national attention and action. They, their teachers, parents, we as their Members of Parliament, and our nation should expect nothing less.

Several hon. Members *rose*—

Mr Charles Walker (in the Chair): We have 23 minutes before the wind-ups. Colleagues, look at how many people are standing; try to do three minutes each.

5.17 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I apologise for being brusque. I would like to challenge the assertion made by the hon. Member for Lincoln (Karl McCartney) that educational attainment is about gender: it is about social class and it is about the white working-class social class.

To quote the educational warrior Sir Michael Wilshaw from a speech in 2013 on his report "Unseen children: educational access and achievement 20 years on":

"Let me emphasise, this is not a gender issue. Poor, low-income White British girls do very badly. So we should stop talking about 'white working class boys' as if they are the only challenge."

Indeed, while boys receiving free school meals are consistently in the lowest-performing overall group at GCSE level, white girls receiving free school meals are

consistently the next lowest-achieving group of girls. The attainment gap between children receiving free school meals and those who are not is evident even before a child reaches the age of four. The pattern continues throughout a child's life. Only 32% of white working-class British students receiving free school meals achieved the GCSE benchmark last year. That is compared with 44% of mixed race students, 59% of Bangladeshi students, 42% of black Caribbean students and 47% of Pakistani students—all receiving free school meals. This is because the educational attainment of white working-class students of both genders has improved much more slowly than that of almost any other ethnic group over the past 10 years.

Optimistically, there is a world of difference between the performance of white working-class students in inadequate and in outstanding schools. What works for all, works even more with working-class students. I will just take the Harris Academies in south London. Last year, about 56% of white British students nationwide secured five A* to C GCSEs including English and maths, but at Harris Academy Greenwich 60% of white British students secured those grades. Just five years ago, the school was under special measures—not now. Under the excellent leadership of a strong principal, George McMillan, the school has undertaken an unimaginable transformation. Harris Academy Falconwood, just a mile away, has a staggering 73% of white British students securing those grades. Yet again, the rate of success at that school is incredible. In 2008 only 17% of its students achieved those grades, but under the leadership of the female principal Terrie Askew, the school is now judged "outstanding" by Ofsted.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): In the time allowed, my hon. Friend will probably not be able to go into what is making the difference at those academies, but if she is able to, I would really appreciate it.

Siobhain McDonagh: It is about doing more of what we know works for everybody else: more extra lessons, more tutorship and more assistance.

The two schools are very different and the gender of the head makes no difference; they are both excellent heads achieving excellent results for the white British, and therefore all other, students. It is about social class, and the sooner we recognise that and stand up and do something about it, the sooner we will make it better for everyone.

5.20 pm

Fiona Bruce (Congleton) (Con): One million children have no significant contact with their fathers. Research recently cited by the Department for Work and Pensions says that children with highly involved dads do better at school, have higher self-esteem and are less likely to get in trouble in adolescence. If we say that male role models as teachers are important, how much more so for boys are father role models? Addressing family stability is critical and this is a social justice issue too, because in lower-income families there are far greater levels of family breakdown. We need to address that and to support them.

The Institute for Public Policy Research produced a report entitled "A long division", which found that only about 20% of variability in pupils' achievements is

attributable to school-level factors. About 80% is attributable to pupil-level factors and particularly family influence. The IPPR says:

“Even if every school in the country was outstanding there would still be a substantial difference in performance”.

We need to help families strengthen, so that we can help these children and boys.

Here are some solutions, very quickly. First, the Government need to appoint a fatherhood champion. Secondly, they need to set up a fatherhood taskforce, perhaps mirroring the taskforce that my hon. Friend the Member for Lincoln (Karl McCartney) suggested, to develop a distinctive set of policies aimed at encouraging father engagement. Thirdly, all new fathers should be offered and encouraged to attend parenting classes. At present the majority who attend are from affluent families who say that they learn a little. A minority are from low-income families but when they do attend, they say they learn a lot.

Mrs Helen Grant (Maidstone and The Weald) (Con): We also know that a disproportionately high number of black boys are excluded from school. Does my hon. Friend agree that there needs to be a much greater understanding of the barriers and hurdles that these boys have to face, both inside and outside school, such as racism and, as she said, the absence of fathers?

Fiona Bruce: I do. There is much evidence to show that parental involvement and support, even for the most disadvantaged children, can translate into good educational outcomes. Children from poor families where there is a strong commitment to learning achieve better results. For example, 69% of Chinese boys from low-income families gained five or more GCSEs at grades A* to C compared with just 17% of boys from white working-class backgrounds. Interestingly, the number is very similar for those from black Caribbean backgrounds, where again there is a high level of father absence.

To conclude the solutions, fourthly, every community should have a family hub. As chair of the all-party group on children's centres, I recently published a report on that issue and I ask the Minister to look at it. I am talking about a place where every family can go to get help, to strengthen their family lives before they perhaps become troubled families or before a marriage begins to disintegrate completely, or to get help with a troubled teenager.

Fifthly, any efforts to regenerate the 100 worst sink estates in the UK should put family and relationship support at the heart of those new developments. Regeneration of the estates needs to go far beyond bricks and mortar if lives are to be transformed, and a healthy relationships fund should be properly resourced to ensure that parenting, couple relationship and family support programmes are included in the master planning processes, not just for this, but for the other Government initiatives such as troubled families, children's mental health and parenting. They need to include a specific focus on the couple relationship and on strengthening the whole family to ensure that the additional benefits of family stability are reaped by these young boys.

5.24 pm

Judith Cummins (Bradford South) (Lab): It is a pleasure to serve under your chairmanship, Mr Walker. The educational performance of our children is a topic

that deservedly occupies considerable time within not only this House but the other place. It is the most potent policy tool in the hands of Government to raise aspiration and improve social mobility, but today we are here to focus on a very specific aspect of this policy debate: the educational performance of boys. In turn, as a Member who represents a predominantly working-class constituency in the city of Bradford, I propose to narrow even further the focus of this debate to the underperformance of working-class boys within our school system.

Let me make it clear at the start that this is not a call for girls to level down but for boys—indeed, for both working-class boys and working-class girls—to level up. What does the desperate underperformance that is endemic across our country mean for the life chances of our working-class boys? Because of that underperformance, they are most likely to find themselves condemned to temporary, low-skilled and disjointed working lives that offer little career progression or job satisfaction. Perhaps more disturbingly, they will, beyond doubt, find themselves increasingly ill-equipped to compete in today's dauntingly globalised world, where the rules of international commerce mean that my constituents are no longer competing with Leeds, Manchester or Sheffield, as in the last century, but increasingly with regional cities in Taiwan and Brazil and so on.

As ever, painting such bleak pictures must inevitably beg the question: what are this Government going to do? The answer is certainly not to rob Peter to pay Paul. Funding for other disadvantaged cohorts should and must be maintained. The real answer is to end the first real-terms cut in school funding—a policy of this Government—without delay. It is arguably the single most regressive policy of this Government. That is undeniable. I expect the predictable response from the Government to my call for increased funding will be—excuse me if I paraphrase—something about a “magic money tree”. We have all heard it before, but that is simplistic and little more than a diversionary tactic. There are always choices to be made about competing calls on hard-pressed public finances, and this Government without fail choose time and again to back the wrong side.

As a case in point, under this Government, a choice was made to continue the charitable status of private schools. That tax break at a time of the first real-term cuts in schools funding in over a generation is plainly wrong. It favours the privileged few over the disadvantaged many and prefers the entrenched elite over the undervalued majority. The hundreds of millions of pounds in lost revenue to the Exchequer could, if that tax break were ended, be easily and swiftly redirected to tackle the unfairly disadvantaged in our school system and, in particular, to help address the desperate underperformance of working-class boys and working-class girls. Perhaps the Minister in his response will kindly offer the Government's justification for their continuation of this unjust and damaging tax break.

5.27 pm

Graham Evans (Weaver Vale) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I pay tribute to my hon. Friend the Member for Lincoln (Karl McCartney), and it is a pleasure to follow the hon. Member for Bradford South (Judith Cummins).

[Graham Evans]

I would like to bring a different view to this debate. Although we have been talking about cities and inner cities, I represent a shire county, a rural area in west Cheshire. First of all, I declare an interest in that I am a white working-class poor boy. I left school at 16 with no qualifications and I was written off for low-paid employment, exactly as the hon. Lady talked about. I am also a governor of a school in my constituency. I feel passionate about helping poor, working-class people of any gender to succeed in life. I also have two boys and a little girl at state school.

The north-west is underperforming compared with the national average—71% of girls achieved five GCSEs at A* to C compared with 59% of boys. That is a gender gap of 12%. In my constituency, it is even worse—it is 15%. The total university applications from Scotland, Northern Ireland and Wales are an equivalent number to the gender gap, so this is a massive issue for those of us in England.

White working-class boys are far less likely to go to university than any other group in the country and I say to the Minister that “coasting” schools in shire counties such as Cheshire have been an absolute scandal over many years. Some progress has been made by previous Governments—Labour Governments—in inner cities, certainly in London, but those of us representing shire counties in the north of England, for example, have been badly let down.

I am keen to allow other people to speak so I just ask the Minister to look at “coasting” local authority schools and schools generally in the northern shire counties to see what can be done to make sure that working-class boys, currently and in future, get the best opportunities available to them in a new globalised economy.

5.29 pm

Yasmin Qureshi (Bolton South East) (Lab): I just want to make a few quick points. I think it is well accepted that working-class children generally do less well in school, in university and later in professions. We have recently learned that boys are performing worse than girls, especially at a young age, which is concerning. It is a well-known fact that if someone’s linguistic skills are good, and if they have started learning those skills from a young age, they will inevitably perform far better at school and go on to university or an apprenticeship and get a good job.

My constituency is very much white working-class. I have particular concerns because only 71% of children under the age of five in my constituency achieve the expected standard of speech and language skills, which is well below the national average of 80%. There is also evidence of a significant gap between boys and girls. In fact, only 65% of boys are achieving the expected level, as opposed to 78% of young girls. That is a major gap, so it is right that we are debating the need to address the concerns about young boys. In Bolton, 290 five-year-old boys were already behind when they started school recently. If they had performed as well as the girls, 109 more would have met the expected standard.

We need to address the problem. I think everybody understands it and is aware of the issues, but what is the way forward? How do we address the inadequacies and

problems? One way is to have more intervention in the early years. I am not trying to make a party political point, but Sure Start centres are a great way of helping a lot of young children from working-class backgrounds to get their linguistic skills up and perform better in school. We should have specialist early learning teachers in nurseries to impart skills and help young children. We also need to spend money on working with families to help them to educate their children within the home.

Some of the social issues that accompany this topic are important, and I agree with my hon. Friend the Member for Ealing Central and Acton (Dr Huq) about the importance of parents in preventing problems. I reiterate what my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) said, as I entirely agree with her. In some respects, she could quite easily have been talking about some parts of my constituency.

I ask the Government for extra funding targeted at junior schools, primary schools, nurseries, and the families and parents of young people who have difficulties and issues. If we identify and target all aspects of the issue, young boys and girls should be able to do well and achieve their full potential.

5.33 pm

Lucy Allan (Telford) (Con): It is a pleasure to serve under your chairmanship, Mr Walker. I thank my hon. Friend the Member for Lincoln (Karl McCartney) for raising this extremely important issue. It does exist, and we should not deny that. Many of us here represent white working-class areas, which adds the dimension that the hon. Member for Mitcham and Morden (Siobhain McDonagh) mentioned, but I do not want to dilute my hon. Friend’s strong message. We know that whatever measure we use, boys from disadvantaged socioeconomic groups perform less well at school.

In Telford, only 28% of white boys on free school meals achieve five GCSEs at grades A* to C, whereas girls from similar backgrounds perform significantly better. Naturally, the boys who do not achieve that do not go on to higher education. The attainment gap starts early, and as they go through their lives without the tools they need to achieve their potential, the gap widens. As opportunities and options close down to them, the impact is felt in all areas of their life. More boys than girls experience behavioural difficulties, are excluded from school and are admitted to pupil referral units.

Many boys start to see themselves with a bad-boy image, which becomes a self-fulfilling prophecy. There is so much that goes with that, including anger, frustration and self-harm, and then the life chances are set in stone. A downward spiral and a domino effect begins.

Nigel Huddleston (Mid Worcestershire) (Con): Is my hon. Friend aware that there is a physical dimension to the issue? Research from the University of California suggests that boys take longer to get going in the morning. They tend to need to sleep in later in the mornings and then work later into the evenings, and that may have implications, for example, for the timing of the school day.

Lucy Allan: My hon. Friend makes an interesting point, which I completely understand because I have a teenage boy.

The same “lost boys” to whom the excellent Save the Children report refers then become lost young men in the criminal justice system—in the prison population, or joining gangs or committing knife crime—and it is harder and harder for them to get back on track and turn their lives around. Although it may be uncomfortable, we need to shine a light on the causes of that. All too often, it is a cycle of underachievement. The men in those boys’ lives may have had a bad experience of school, which they have then passed on to their children.

There is a culture of low aspiration and a pattern of cultural isolation, and young people find it difficult to break out of the world into which they are born or to see the limits beyond the horizons that have been set for them. While we in this place may get distracted by focusing on alternative school structures, curriculum content and mandatory personal, social, health and economic education, we must not forget those boys in Telford, those boys on free school meals or those boys in care.

At the core of what the Government must do is continuing to drive up standards in every school, creating opportunities for every child so that no one is left behind. In calling for the debate, my hon. Friend the Member for Lincoln has taken the opportunity to make that point loud and clear. On behalf of the boys in my constituency who are struggling to achieve their potential, I thank him.

Mr Charles Walker (in the Chair): I will call Patricia Gibson to speak for two and a half or three minutes, and then Flick Drummond. If the Front-Bench spokespeople lose a couple of minutes, I hope they can live with that.

5.36 pm

Patricia Gibson (North Ayrshire and Arran) (SNP): Unlike the hon. Member for Lincoln (Karl McCartney), to whom I express my thanks for securing the debate, I do not believe that this is a one nation issue. It is a global issue, and we need to broaden the debate so that we can learn lessons from countries as far away as necessary.

From 2000 to 2010, psychologists at the universities of Glasgow and Missouri looked at the educational achievements of 1.5 million 15-year-olds from around the world using the programme for international student assessment. They found that girls do better at school even in countries where women’s liberties are severely restricted. Girls outperform boys in maths and reading in 70% of countries, regardless of gender equality. Even in countries such as Qatar, which is infamous for its lack of gender awareness, the girls still outstrip the boys in educational performance.

There were only three regions in the world where boys outperformed girls. Bizarrely, those places were Colombia, Costa Rica and the Indian state of Himachal Pradesh. We should look at those places and see what they are doing that we are not. The better performance of girls than boys happens regardless of high or low levels of social, political and economic inequality, and there is no significant difference between performance in the United Kingdom and the United States. We need to look at such things if we want to address the issue seriously.

In Scotland, we have taken steps to try to address the issue, but clearly the causes are fundamental and deep-rooted. We need to address it on an international basis and learn from one another. No child should be held back by their background or gender. We need a serious debate about what is going on globally, and we need to tackle the issue with a more holistic approach than just looking at counties and constituencies. It is far more deep-rooted than that.

5.38 pm

Mrs Flick Drummond (Portsmouth South) (Con): Thank you for allowing me to speak, Mr Walker. I will be as fast as I can. I thank my hon. Friend the Member for Lincoln (Karl McCartney) for securing this important debate.

It is disappointing that the gender gap starts before children go to school and goes all the way through to university. In 2014-15, 56% of all British students were female, which represents a major reversal over the past three decades and corrects centuries of male domination. I am not saying that female domination is a bad thing. I do not have a problem with women ruling the world for the next few centuries as men have done in the past, but I think we are prepared to be more equal.

What to do? We need to stop the blame culture in which higher education blames secondary schools and secondary schools blame primary schools, which in turn blame early years and the parents. We need to look at education as a whole, which is why I am so pleased that higher education is back in the Department for Education.

In Portsmouth South, 73% of boys met the standard for language development last year, compared with 87% of girls. Falling behind at the early stage puts children at a disadvantage, so interventions need to be put in place early. Language begins as soon as children are born, and I would like to see every pram and pushchair designed with the child facing the parent so that they can be talked to. Good childcare is crucial and needs to be well funded. Get it right at that stage and money will be saved in the future.

Boys and girls have the capacity to learn exactly the same subjects. There should be no difference in what girls and boys learn, but there is a difference in how they learn. According to the OECD report, boys are 8% more likely to regard school as a waste of time. Boys learn in short phases and need more breaks. They need to be able to move around more than girls. Thirty-five minutes has been identified as the best length of lesson for boys, so they need short, specific, focused activities. More sport is needed in schools.

Some very good schools have embraced pedagogy with a range of teaching approaches. Using different intervention strategies is proving effective, and good practice needs to be widespread. Each teacher will have a different style, and I am glad that the Government are encouraging teachers to develop their own style rather than forcing them to teach in a particular way. Literacy strategies should include a holistic approach to reading, writing, speaking and listening as an integrated whole. Children also need to be competitive. Target setting and mentoring are crucial. The Portsmouth education business partnership is proving incredibly effective in working with pupils one to one.

[Mrs Flick Drummond]

Lastly, children need to be challenged and praised. Many boys appear to be full of confidence but are not. Bad behaviour is often a cover for a fear of failure. Good teachers will adjust their attitude to encourage boys to get more involved in activities. I think this is a temporary blip, but we need to work hard quickly to ensure that no boy is left behind.

Mr Charles Walker (in the Chair): I thank the hon. Member for Mid Worcestershire (Nigel Huddleston) for his selflessness. Everyone in Westminster Hall owes him a great debt of gratitude. I ask the Opposition Front-Bench spokespeople to be brief and to leave the Minister nine minutes at the end.

5.41 pm

Marion Fellows (Motherwell and Wishaw) (SNP): It is a pleasure to serve under your chairmanship, Mr Walker. I congratulate the hon. Member for Lincoln (Karl McCartney) on securing this important debate. I do not intend to mention every Member who has spoken, but I will mention a few of the good ideas that have come out of this debate. I will do so as quickly as possible to give the Minister plenty of time to respond.

The hon. Member for Lincoln was right when he listed why boys' attainment is less than that of girls, but he should temper what he is saying. It almost came out as boys versus girls, which should never be the case. As other Members have said, we should be encouraging attainment for all in schools. We need to move this forward.

I specifically commend my hon. Friend the Member for North Ayrshire and Arran (Patricia Gibson) for her international outlook. I was astonished to hear some of her statistics and research, because there is not only a problem in the UK, in England and Wales or just in Scotland; there is a problem across the world. All education systems should look at what is happening elsewhere to seek improvement and to raise attainment.

I have a focus in this debate because I was the first woman in my family to go to university. I went to university in 1967, when young working-class women just did not do that. I was fortunate. [Interruption.]

Mr Charles Walker (in the Chair): We have another Division. Will this debate ever end?

5.43 pm

Sitting suspended for a Division in the House.

5.55 pm

On resuming—

Marion Fellows: As I said, I was the first in my family to go to university, and I was a white working-class girl. Things have changed, but we should not be considering this a gender-specific issue; as has been said, it is a social justice issue. It affects the whole economy and all of us.

I urge the Minister to consider some of the systems used by the Scottish Government, including a very good one called "Getting it right for every child", which starts with early intervention and goes all the way

through. That is where this debate should lead us. We should be considering how to improve children's education and life chances, because that is what we all want. We all want everyone to be educated, in the true sense: that is, we want what they have inside to be drawn out and used to the advantage of us all.

5.56 pm

Angela Rayner (Ashton-under-Lyne) (Lab): It is a pleasure to serve under your chairmanship, Mr Walker. I will try to be brief. I thank the hon. Member for Lincoln (Karl McCartney) for securing this debate on such an important topic. I will resist going where I was tempted to go with some of the comments that he made. As a white working-class girl, I would not want to stamp down a white working-class boy; we have to show solidarity.

Equality issues affect those from many backgrounds, but I will focus on what I believe to be the elephant in the room, which many Members have raised—class. Class is much more of a determining factor in this debate than gender, and it affects the issue disproportionately. I agree fully with the comments made by my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh). All children have the right to a good-quality free education. All of us in this Chamber can agree on that.

I refer back to the comments made by the hon. Member for Congleton (Fiona Bruce). Although I agree that fatherhood is important to the issue, healthy relationships are also important. That is why the Opposition want the Government to do more to equip young people by offering age-appropriate resilience and relationships education in all schools. Although boys from prosperous backgrounds dominate the very top of the attainment scale, there is growing concern about boys performing poorly overall at school compared with girls. I thank the hon. Member for Lincoln for sharing with us his story about his gran. He and I also have that in common: I had a strong gran who pushed me forward.

Boys are more likely to have the worst results, drop out and leave education unskilled and poorly qualified, as the hon. Gentleman eloquently said. Some 38% of boys eligible for free school meals fall behind in early language and communication. That is nearly double the national average of 20%. In our increasingly unequal society, it is not surprising that class is still such a massive barrier to education attainment. I am pleased that the hon. Gentleman agrees—other hon. Members alluded to it—that grammar schools are not the answer to the problem. We need to raise standards across the spectrum of schools.

I was moved by what the hon. Member for Weaver Vale (Graham Evans) said as well. I did not know his back story, but I am pleased that he shared with us his own experiences as a white working-class boy. Like him, I fought tooth and nail to get where I am today, and I had key social levers to help me that have now been, sadly, asset-stripped away by this Government.

Many hon. Members, including my hon. Friend the Member for Bolton South East (Yasmin Qureshi) and the hon. Member for Telford (Lucy Allan), spoke at length about the importance of early years, which is absolutely right. I focus in my closing remarks on asking what the Government will do to invest in good

early years education, because it is not happening at the moment; the funding is being cut. We know that funding from central Government is important in early-years intervention services, and that the cuts will have a massive impact on boys and girls from working-class backgrounds. What steps will the Government take to raise the aspirations and self-belief of students from poorer backgrounds, particularly boys?

Mr Charles Walker (in the Chair): Minister of State, you have ample time to answer the debate: more than 10 minutes.

5.59 pm

The Minister for Schools (Mr Nick Gibb): Well, let me get on with it, Mr Walker. It is a pleasure to serve under your chairmanship.

I congratulate my hon. Friend the Member for Lincoln (Karl McCartney) on securing this important debate. It has been an excellent and pacy debate, with excellent speeches on both sides of the Chamber, particularly the passionate speech, based on personal experience, of my hon. Friend the Member for Weaver Vale (Graham Evans), the thoughtful speeches of my hon. Friends the Members for Congleton (Fiona Bruce), for Telford (Lucy Allan) and for Portsmouth South (Mrs Drummond), and other speeches that I will refer to in a moment.

As my hon. Friend the Member for Lincoln and the hon. Member for Mitcham and Morden (Siobhain McDonagh) have so clearly set out, there are still far too many young people—boys and girls—who are held back by their background and circumstances and who leave school without the basic building blocks for a successful future. The Government are determined to tackle those issues. Tackling educational inequality means raising the bar, setting the highest expectations for all pupils at every stage and raising standards so that every school can deliver a world-class education.

We have already made enormous strides. More than 1.4 million more pupils are now being taught in schools judged good or outstanding by Ofsted than in 2010. Once again, this year's A-level and GCSE results are testimony to the hard work of thousands of pupils and teachers. But while it is right that we celebrate those achievements, we must also recognise that there are groups of pupils for whom the chances of achieving good GCSEs and A-levels are simply too low.

Tackling the inequality driven by socio-economic background is a key priority for the Government, as is tackling the inequality driven by gender. Whichever way we read the data, they show that girls outperform boys at all educational stages in most areas of the curriculum. In 2015, there was a gap of nearly 16 percentage points between girls and boys judged to be achieving a good level of development at the end of the early years foundation stage: 74.3% for girls and 58.6% for boys. The gap persists at primary school in most, but not all, subjects.

In 2015, while boys' and girls' performance in mathematics was consistent—87% of boys and girls achieving level 4 or higher in the key stage 2 maths assessment—a significantly higher percentage of girls than boys achieved the expected standard in reading, writing and grammar, punctuation and spelling. In reading, writing and maths, 83% of all girls achieved at least the expected standard, compared with 77% of boys.

By the time pupils reach the end of key stage 4 at secondary school, the gender gap in attainment has increased. Girls outperform boys across all major curriculum subjects, although the size of the gap varies considerably by subject. For example, in 2015, girls only just outperformed boys in maths and individual sciences, but in English the gap was nearly 15 percentage points, and in the most commonly studied languages—French, German and Spanish—it was around 10 percentage points. Girls remain more likely than boys to be entered for the English baccalaureate: in 2015, more than 43% of girls studied the suite of English baccalaureate qualifying subjects, compared with 34% of boys. More girls than boys achieved it, too: 29% of girls, compared with around 19% of boys.

The cumulative impact of low prior attainment during primary and secondary school is likely to be one of the main factors influencing the slightly lower proportion of boys progressing to a sustained college or sixth form at 16 and the slightly higher likelihood that boys will be not in education, employment or training at the same age. In England, young women are 36% more likely to apply to university than young men; the difference in application rates between them is the highest on record.

It is important to note, however, that gender gaps are a common occurrence internationally, as the hon. Member for North Ayrshire and Arran (Patricia Gibson) pointed out. They are in favour of girls in reading, in favour of boys in mathematics but mixed in science. According to the most recent PISA study—the programme for international student assessment, conducted by the OECD—the reading ability of girls is higher than that of boys in every country.

On average across OECD countries, 15-year-old girls are around a year ahead of boys—38 PISA points. The size of that gap is narrower in England: our girls outperform boys by 24 PISA points. The gender gap in maths is reversed—boys do better—and is not as large: 11 PISA points, or four months of education, across the OECD. In fact, boys only scored significantly better than girls in 27 out of 65 countries, and the gender gap remains in favour of girls in Jordan, Qatar, Thailand, Malaysia and Iceland, as I think the hon. Lady referred to. The size of the gap is similar in England to the average across all OECD countries, which is 13 PISA points.

What are the drivers of boys' under-achievement? I listened very carefully to the excellent speech of my hon. Friend the Member for Portsmouth South. While there is a plethora of data to show where and by how much girls do better than boys in education, there is only limited evidence that explains precisely why boys do not perform as well as girls. There is no shortage of theories, but many of them are not supported by robust research evidence. For example, it has been argued that boys naturally prefer examinations and girls prefer coursework, so boys may have been disadvantaged by the move from exam-based assessments to GCSEs, which place a greater emphasis on coursework. In fact, the attainment of girls at the end of secondary school was already improving before the introduction of GCSEs, and subsequent reductions in the weighting of the coursework component of GCSEs have had little impact on gender attainment patterns.

Another view, which my hon. Friend the Member for Lincoln referred to, is that the performance of boys is held back by the lack of male teachers in schools,

[Mr Nick Gibb]

particularly during the primary phase. He is right to point out that there is a huge disparity in the numbers of men and women teaching in primary schools, but studies that have looked for correlation between teacher gender and pupil attainment have mostly found no relationship of improved attainment when boys are taught by male teachers—although that does not mean we do not want to address the imbalance in the gender of primary school teachers.

The research evidence does suggest that the behaviour and attitudes of boys and girls towards school and academic study tend to differ in a number of ways—my hon. Friend the Member for Portsmouth South referred to some of those. Pupil-level factors appear to play an important role in the gender attainment gap. We know that there are some schools in which pupil attainment is high and the gap between girls and boys is small or non-existent. Those schools tend to be characterised by a positive attitude to study, high expectations of all pupils, high-quality teaching and classroom management, and close tracking of individual pupils' achievement.

As the hon. Member for Mitcham and Morden so passionately and ably pointed out, academies in the Harris Federation in her constituency are improving educational standards for pupils from poorer backgrounds because they adopt those attitudes to education. I have not yet seen evidence of the gap closing, because I do not have the data, but if the hon. Lady has them, or if I can get them from Dan Moynihan, it would be interesting to see the extent to which the Harris Federation's approach to education is having an impact on the gender gap.

It is important not to generalise. It is simply not true that all boys do badly and that all girls do well. For example, white British girls who are eligible for free school meals generally do much worse than white British boys who are not. Indeed, there is clear evidence that poverty is a much bigger predictor of poor educational attainment than gender, as the shadow Education Secretary pointed out. While gender imposes a relatively consistent educational performance gap across all ethnic groups, the impact is compounded significantly by deprivation. As the Prime Minister noted in her inaugural speech, the chances of going to university are extremely low for white working-class boys. In 2015, fewer than one in four white British boys eligible for free school meals achieved five A* to C grades at GCSE, including English and maths, compared with more than 56% of non-disadvantaged white British boys.

The question is: how are we tackling educational underachievement? The Government's approach is to set high expectations for what all pupils will achieve by introducing an ambitious and stretching national curriculum and world-class qualifications. To deliver such reforms, we are building a school-led, self-improving education system, characterised by high levels of autonomy and strong accountability arrangements, through which the characteristics of high-performing schools, such as

those referred to by the hon. Member for Mitcham and Morden, can be shared and embedded across the whole system.

We want all pupils to secure the basics in literacy and numeracy by the end of primary school, and we have set higher standards in those areas of the curriculum. We have embedded the teaching of phonics in key stage 1, which we know is the most effective way of teaching reading for all children, and we are providing catch-up funding to secondary schools to support those pupils who do not achieve the expected standard at 11. As a result, 120,000 more six-year-olds are on track to become fluent readers. Our introduction of the English baccalaureate sets a strong expectation that all pupils will receive a rigorous academic education that prepares them for adult life and success in our modern economy. We have made clear our aim that, by 2020, the vast majority of pupils, boys and girls alike, will take those facilitating subjects as part of a well-rounded education that opens the door to education and employment.

Our new performance accountability measures are also intended to drive up attainment across the board. Secondary school performance tables now report on pupils' progress from the end of primary school to the end of secondary school, as well as their GCSE attainment. The new measures, known as progress 8 and attainment 8, will encourage schools to focus their attention on the progress and attainment of every pupil, not just those at or near the borderline of a particular performance threshold.

Looking beyond the curriculum, our commitment to character education seeks to ensure that all pupils develop the essential qualities of resilience, perseverance and self-control, all of which are critical for success in both education and adult life.

Angela Rayner: In the spirit of this debate, and bearing in mind what is happening in the media, does the Minister believe that grammar schools will help with his aspirations or make things harder?

Mr Gibb: The Prime Minister and the Secretary of State have been clear that we need to build a country that works for everyone. We are looking at a range of options to allow more children to go to a school that helps them to rise as far as their talents will take them. We will, of course, say more in due course, as policy is developed under the new Secretary of State.

Our vision for a self-improving school system is fast becoming a reality. Our growing network of teaching schools and multi-academy trusts is ensuring that institutions can collaborate and receive the support they need to raise standards. We are working hard to create a sustainable and diverse succession plan of high-quality school leaders and headteachers, and our expansion of the highly successful Teach First programme—

6.12 pm

Motion lapsed, and sitting adjourned without Question put (Standing Order No. 10(14)).

Written Statement

Tuesday 6 September 2016

DEFENCE

Defence Estate Rationalisation

The Parliamentary Under-Secretary of State for Defence (Mark Lancaster): The Ministry of Defence (MOD) is nearing the completion of an ambitious estate optimisation strategy programme which will provide a plan for a smaller, but significantly better defence estate to meet the needs of the armed forces. The MOD expects to announce the finalised estate optimisation strategy later this year and can today confirm the expected release of 13 sites, shown below. These will contribute some £225 million toward the MOD's £1 billion target for land release sales as set out in spending review 2015.

These sites also contribute to the Government commitment to provide land for 160,000 homes in this Parliament. The intent to dispose of these 13 sites will provide land for up to 17,017 homes (of which some 12,565 are expected to materialise in this Parliament). In addition to the sites announced in January and March of this year, this represents the expected provision of land for up to 14,700 homes this Parliament against the MOD target of 55,000. The remainder of the target will be met through other rationalisation activity including the reserves estate, the training estate and MOD accommodation.

The estate optimisation strategy aims to better support military capability and force generation; allow the formation of clusters of sites which facilitate the collocation of

similar functions and thereby reduce running costs through shared resources; as well as dispose of under-utilised sites for which there is no longer a long-term defence requirement.

Over the coming weeks further work carried out in consultation with all stakeholders including the trade unions will determine the future re-provision of each site. The release of land by the MOD has the potential to provide land for new homes and we will continue to engage with impacted local authorities to determine how the Department's assessment of housing unit allocation against each site may be considered as part of the authority's local plan. I acknowledge that these moves will have an impact upon civilian and military staff; the Department is making arrangements to provide for units and functions based at sites which will not have a future defence requirement. I will make a further announcement setting out the estate optimisation strategy with details on the sequencing and timing of these moves later this year.

RAF Henlow (Bedfordshire)

Middlewick Ranges (Essex)

Amport House (Andover)

Land at Harley Hill (Catterick)

Chalgrove Airfield-(Oxford) Transferred to the Homes and Communities Agency

Colerne Airfield (Chippenham)

Azinghur Barracks (Chippenham)

Prince William of Gloucester Barracks (Grantham)

Old Dalby (Melton Mowbray)

Venning Barracks (Telford)

Parsons Barracks (Donnington)

Southwick Park (Fareham)

Royal Marines Stonehouse (Plymouth)

[HCWS133]

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**not later than
Tuesday 13 September 2016**

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